

CONSTRUCTION

for stainless steel ring HE samson colnbrook 3131

## NEWS SUMMARY

### BUSINESS

#### British: Jobless figures out tomorrow

Prime Minister will decide this week on the scope of planned Government intervention into the British Leyland and allegations, after he reports prepared by the chairman of the Enterprise Board.

#### Least 10 die in hotel fire

At least 10 people, all thought to be British tourists, died in a fire which swept the small Dorchester Hotel in Brussels yesterday, said officials. At least 30 were injured. Some were on their way to work.

#### User setback

Mr. Malcolm Macmillan had a setback in his bid for the next General Election when he failed to get necessary majority of four out of six for his proposal of a constitutional change to elections for the House of Representatives and the Senate at the same time. This means a delay for half the Senate in the year from July 1.

#### Iran 'spy' arrest

High West German police chief, Det-Supt. Rolf Gruentje, said he had arrested a member of the Iranian Revolutionary Guard, a group of militant Islamic fundamentalists, on suspicion of being a spy for the East German government. He was based in Hamburg.

#### Four Cross move

Four Party officials at Claydon, Suffolk, met this week in an effort to save ten jobs. They are expected to be nearly 24,000 legal fees by Tuesday. The councillors were asked to support the move to a new site in 1978 for the illegal payments to council workers.

#### United welcomed

About 750,000 fans turned out to welcome home Manchester United after their 2-1 Cup victory. About 500 fainted from heat or passed out in the sun. Page 2

#### Queen of Scots

The Queen and the Duke of Edinburgh begin the second week of their Jubilee tour of Scotland today in Edinburgh. There will be banquets, a Royal Garden party, and Prince Charles will be made a Knight of the Garter at St. Giles' Cathedral in Edinburgh. Page 9

#### People and places

General MP for Truro David Pennington, 52, went into Truro hospital for tests for suspected pneumonia after being ill at home for a week. Dr. Edward Heath's Morning Show, dismissed racing in the Channel on Friday, is expected to be repaired by Thursday. Page 2

#### Queen of Scots

The Queen and the Duke of Edinburgh begin the second week of their Jubilee tour of Scotland today in Edinburgh. There will be banquets, a Royal Garden party, and Prince Charles will be made a Knight of the Garter at St. Giles' Cathedral in Edinburgh. Page 9

#### People and places

General MP for Truro David Pennington, 52, went into Truro hospital for tests for suspected pneumonia after being ill at home for a week. Dr. Edward Heath's Morning Show, dismissed racing in the Channel on Friday, is expected to be repaired by Thursday. Page 2

#### People and places

General MP for Truro David Pennington, 52, went into Truro hospital for tests for suspected pneumonia after being ill at home for a week. Dr. Edward Heath's Morning Show, dismissed racing in the Channel on Friday, is expected to be repaired by Thursday. Page 2

#### People and places

General MP for Truro David Pennington, 52, went into Truro hospital for tests for suspected pneumonia after being ill at home for a week. Dr. Edward Heath's Morning Show, dismissed racing in the Channel on Friday, is expected to be repaired by Thursday. Page 2

## Pig farmers hit out as EEC court bans subsidy

BY JOHN EDWARDS AND DAVID BUCHAN in London and Brussels

Britain's pig farmers yesterday warned against the collapse of the country's pig-meat industry, threatening future supplies of bacon and pork.

The warning came following the European Court of Justice ruling in Brussels that the EEC Commission's pig subsidy scheme was illegal. The court ruled that the subsidy, which was paid to UK pig producers, was in breach of the EEC's common market rules. The ruling is expected to have a major impact on the pig-meat industry in the UK and other EEC countries.

The signs were yesterday that Britain would comply with the ruling, but not immediately. It will now seek some other means of preventing pig producers from being forced out of business. The EEC Commission is expected to appeal the court's decision. The ruling is expected to have a major impact on the pig-meat industry in the UK and other EEC countries.

## Foreign Office fears confirmed

BY MALCOLM RUTHERFORD

THE NEW dispute over pig subsidies will tend to confirm internal Foreign Office assessments that the British Presidency of the European Community has not gone well in matters directly relating to the EEC.

The British Presidency has some weeks to run and will conclude with a meeting of the nine heads of government in London at the end of June which could make all the difference. The Foreign Office assessment is that the political factors, over which it has little or no control, have made it difficult for Britain to appear as a committed member of the Community.

## 'WE MUST RESPOND TO THE NEW REALITY'

## Carter sets foreign policy guidelines

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, May 22

PRESIDENT Jimmy Carter today set forth his vision of "a new framework of international co-operation as the basis of American foreign policy in a changing world." He argued that the old verities, based on containment of Russian Communism and an almost mystical belief in the Western Alliance, were no longer sufficient.

Mr. Carter did not advocate the dismantlement of traditional alliances and groupings. It was necessary, he said, to "reinforce the bond among democracies." He added that the London summit was "a successful step towards this goal." But this had to be seen within the framework of more wide-ranging, multilateral arrangements.

## U.K. will tell IMF team money supply on target

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN International Monetary Fund inspection team in London this week will be told that the U.K. is keeping well within the monetary and borrowing requirements set out in December. The team will also be told that the U.K. is not seeking a relaxation of these limits.

Formal discussions with the team—covering the general state of the economy rather than alteration of any of the standby credit terms—will start at the Treasury this morning. Meanwhile work has started in Whitehall on the preparation of a package of measures, which may be introduced in July or the early autumn, to use any leeway within the IMF limits to give a stimulus to the economy.

## Optimism

He sought to invoke the traditional American spirit of optimism, which in his own sometimes missionary way he feels, and apply it to a modern, more subtle world. It was a speech of lofty rhetoric, recalling in tone, though not in content, some of the early speeches of the late President Kennedy.

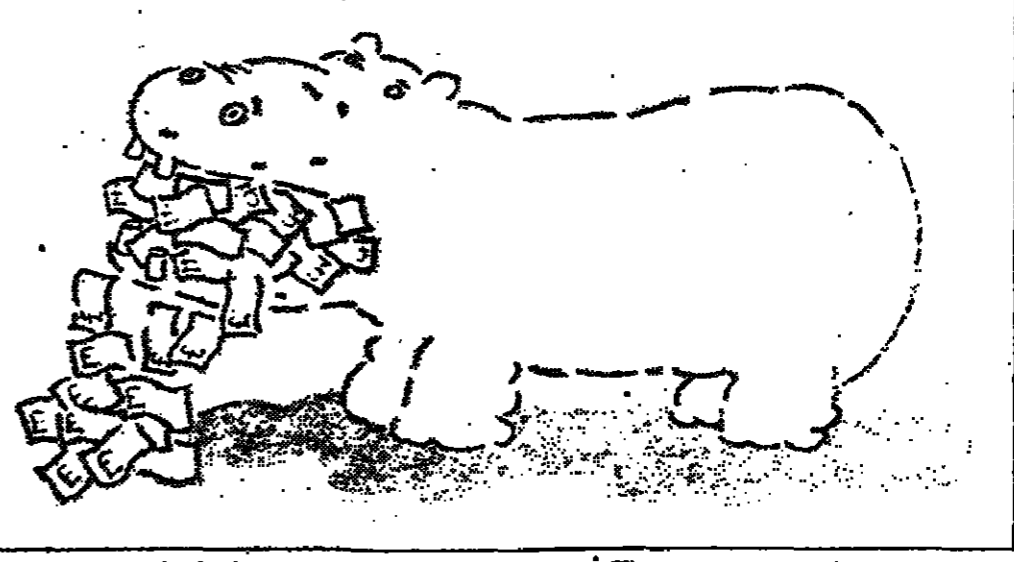
## Familiar

Mr. Carter's views on human rights, by now familiar, are the cornerstone of his foreign-policy thinking. Again he disavowed the use of "moral maxims," and said he understood the limits of moral persuasion. "I have no illusion," he said, "that changes will come easily or soon."

## ASTMS conference rejects bank nationalisation plan

BY CHRISTIAN TYLER, IN EASTBOURNE

THE annual conference of the white-collar Association of Scientific, Technical and Managerial Staffs (ASTMS) rejected yesterday a narrow margin a motion in support of the nationalisation of banks and insurance companies. The decision was a major setback to Mr. Jenkins's plan to nationalise the banks and insurance companies.



### Is your Share Register eating up your profits?

There it sits in your company, eating up wages, office space, equipment and administrative costs. If it has a sophisticated appetite it may also demand more than its fair share of your computer time, which could be put to more profitable use.

The computer updates registers daily and can provide a wealth of useful statistics. It also makes the posting of Annual Reports and the paying of dividends simplicity itself.

Our services are provided by highly-trained staff who give personal attention. We would be happy to send you a brochure giving full details.

It's essential reading for any company thinking of giving an expensive department a more sensible home.

Telephone the Manager on 0272-297144.

We have computer facilities and programs specially designed for share registration, and we act for over 300 companies and local authorities.

## NatWest Registrars Department

National Westminster Bank Ltd. Registrars Department. National Westminster Court, 37 Broad Street, Bristol BS99 7NH.

LOMBARD

Tory tax 'reforms'

BY JOE ROGALY

THE Conservatives are an un-
springing lot, but we must all face
up to the fact that, on present
odds, they will before long take
the place of the present dis-
credited Labour Government. It
becomes necessary to have a look
at what they might do once in
office, and the first thing that
strikes you when you make such
an attempt is that they propose
to do nothing in the way of
taxation. They have a chance of
doing it very well is a matter of
judgment based upon a con-
sideration of the present Opposi-
tion Front Bench; it has to be
said that as it swims before one's
consciousness one is not moved
towards a new upsurge of faith
in a glittering future for a
revived Britain.

Sour

These admittedly sour reflec-
tions are prompted by the latest
statement from Sir Geoffrey
Howe, which sets out his views
on the reform of the machinery
of legislation. It seems to be
momentarily cheered by an open-
ing proclamation that "we need
a radical reform" in this area,
but when the entire text is read
through (it is published to-day in
"The British Tax Review") it is
seen that once again we are
confronted with a Conservative
determination to do as little as
possible.

Some people may be pleased
by this: there is a perfectly sound
case for saying, as indeed Sir
Geoffrey does, that the country
has had enough of wholesale
reform of this and that and what
it needs most of all is a spell of
peace and quiet. But Sir
Geoffrey's own utterances in
other places run contrary to this
soothing notion.

"The British tax system is
barren," he said in Perth just
over a year ago. "And the longer
this Socialist Government remains
in office the barriern it is likely to
become." In Croydron, on another
occasion, he said that the system
was too complex. "Businessmen
are bewildered by our fiscal
labyrinth," he added. His own
paper, published this morning,
tells us badly the system for
making new tax laws has been
working.

Yet fundamental change is still
apparently seen as too much to
swallow. At Croydron he insisted
on "a period of reasonable
stability." In to-day's paper he
says "I am profoundly suspicious
of the root-and-branch approach,
even when it is dignified by the
name of a Royal Commission."
For this reason Sir Geoffrey

offers "some more modest
proposals." They are all quite unexpec-
tionable, and, taken together,
would constitute a distinct im-
provement. Chancellors should
publish "exposure drafts" well
in advance of any First Reading
of the Finance Bill. Significant
changes in the structure and
shape of the tax system should
be preceded by Green Papers or
the like.

The Finance Bill should be
split, so that a later Taxes
amendment Bill could take part
of the scrutiny time. There
should be more use of a Select
Committee procedure; possibly a
permanent Parliamentary body
with expertise in taxation and
finance. A further, statutory,
committee of revenue law
experts should be able to put
forward amendments to correct
what might be "anomalous, un-
workable, a source of confusion
or injustice." The Ombudsman
should have more power.

Some of this (like the Green
Papers) is hardly new in practice
and much of it draws on sugges-
tions that have long been tabled
by others, all of which Sir
Geoffrey graciously acknowl-
edges. His general drift seems to
be towards allowing a bit more
public and Parliamentary discus-
sion before Finance or Taxation
Bills are presented to Parlia-
ment; the omission of
securities and Chancellors is
once more questioned.

Proposals. Such proposals are correctly
described as "modest." They
seem to have as much chance of
providing for the redesign of a
tax system that is "barren" as
any other. Some of the more
radical proposals put forward by Mr. Jim
Prior have of creating a cor-
porate State structure or wage
determination that does not look
like what it is.

Some neglected questions ar-
ise. Do we need an annual Budget
and subsequent Finance Bill? Is
the Treasury as presently con-
stituted the correct institution
for deciding these matters in
advance? Can the separation of
revenue proposals from expendi-
ture following budgets be
justified for one moment longer?
What staff support, and powers
to insist on the production of
evidence, should Select Com-
mittees be given? And so on.

Some of these have been raised
by the Conservatives; all should
also be raised by a generally radical
paper on the reform of taxation
machinery.

THE WEEK IN THE COURTS

Fine point wins S. Africa
right to view Cup Final

BY JUSTINIAN

THE CUP FINAL at Wembley
was seen by millions of televi-
sion viewers not only in these
islands but at the other end of
the world. These overseas
viewers however, received their
transmission not solely by virtue
of the Indian Ocean satellites but
also crucially by courtesy of the
Court of Appeal. For it was
only on Friday evening that that
Court granted the BBC an in-
junction restraining the officials
of the Broadcasting Staff from
ordering their members to "pull the
switches" and so depriving South
Africans and others in the
southern hemisphere, from
watching a memorable football
match.

Only the day before Mr.
Justice Pain in the High Court
had declined to grant the injunc-
tion, on the ground that the
threatened interference with the
television broadcast of the match
was a "trade dispute," and so
the immunity of trade unions
from legal suit applied. The
issue before the Courts was
whether the union officials'
action was "in contemplation of
a trade dispute." How did the
matter ever come to Court?

It all began with the activities
of that arch-enemy of apartheid,
Mr. Peter Hain, who as chairman
of the Action Committee against
Racialism had invited Sir
Charles Curran, chairman of the
BBC, not to transmit the Cup
Final to South Africa. Although
no doubt many black South
Africans were as keen to see the
optimum football as their
white brethren, Mr. Hain
and his colleagues thought that
the denial of the television
broadcast to all South Africans
would at least be a gesture of
solidarity to those affected by
the South Africans' racial
policies.

Coercive But having failed to move Sir
Charles Curran to comply with
his request, Mr. Hain approached
the Association of Broadcasting
Staff, representing most of the
BBC's 20,000 staff. That Associa-
tion had already publicly
declared itself opposed to any
form of racial discrimination. At
the beginning of April, the
Association's general secretary
asked the BBC to take measures
generally to oppose discrimina-
tion in broadcasting. It was
only as recently as a fortnight
ago that the latter clearly
accepted the dispute which has
been since that had been raised

the Cup Final should not be
as a matter of conscience within
the terms and conditions of
employment. But even if his view of
the matter were to be preferred,
the law imposes another and fatal
limitation on the availability of
the trade union's immunity. A
dispute ceases to be a trade dis-
pute if action by one of the
parties, that would otherwise
have contributed to a situation
containing a trade dispute, is
primarily motivated by extrane-
ous matters, such as inter-
union rivalry, spite and malice,
or personal prestige.

Immunity And motives that are pre-
dominantly political, religious or
racial would have the same
effect. Where the action of the
union is politically motivated it
is possible to conclude either that
it is not a trade dispute at all,
or that there is a trade dispute
but the union is not acting "in
contemplation or furtherance" of
it. Either way the immunity does
not apply.

Foresight A limitation imposed by "con-
templation or furtherance" is
two-fold. First, it requires acts
to be related to a dispute in
point of time. "Furtherance"
relates to a continuing dispute,
"contemplation" to a dispute
that is imminent. The degree
of permitted foresight of future
disputes is uncertain, but the
BBC case appears to have estab-
lished that actions taken with a
view to initiating claims for
proved terms and conditions of
employment which could lead
to a dispute are too early in
point of time to be actions taken
in contemplation of a dispute.

It is nevertheless possible to
contemplate a dispute which it is
believed will occur but which in
fact does not materialise. Simi-
larly, actions taken to prevent the
occurrence of a dispute would be
in contemplation of that dispute.
On this score the Court of
Appeal and Mr. Justice Pain were
of the same mind. The latter clearly
accepted the dispute which has
been since that had been raised

MANCHESTER UNITED were
fortunate to beat Liverpool 2-1
in the best, most enjoyable Cup
Final for many years and after
an absorbing, if slightly uneven,
match they displayed a rare and
pleasing composure for their
opponents.

Setback However, Liverpool immedi-
ately came back to equalise
after a high ball from Jones had
been flicked on by Keegan's head
to the splendid Case, who tightly
marked, still managed to drive
the ball home.

Mottram has easy start
SEVEN British women and five
men are challenging for the
£125,000 French open Champi-
onships, which begin on the slow
red dirt of the Stade Roland
Garros this morning.

TV Radio

Table with columns for BBC 1, BBC 2, and LONDON. Lists programs like 'Open University', 'News', 'The Education Debate', etc.

Table with columns for ATV, BORDER, CHANNEL, and GRANADA. Lists programs like 'Kitchen Garden', 'The Parent Game', etc.

Table with columns for SCOTTISH, SOUTHERN, TYNE TEES, and WESTWARD. Lists programs like 'Farmhouse Kitchen', 'Southern News', etc.

Table with columns for ULSTER, YORKSHIRE, and BBC Radio London. Lists programs like 'Ulster News', 'Yorkshire Calendar', etc.

F.T. CROSSWORD PUZZLE No. 3387

Crossword puzzle grid with numbers 1 through 28 indicating starting points for clues.

- ACROSS
1 Warm periods putting an end to sport (5, 7)
10 A girl goes with a number to an Italian town (7)
11 A carland certain to give free time (7)
12 "Human power which could... if unforfeited, the patient search" (Byron) (5)
13 A tip in season when there is little employment (4, 4)
14 Pastures in the provision closet make for jocularly (10)
15 Used by the Titans as a stepping-stone to Olympus (4)
16 Shell gives a start to the Eskimo (4)
20 One of Asco's valuable prizes (2, 4, 3)
21 Item 4 on the Walrus's agenda (5)
24 What the hitch-hiker tries to do before a lift (5)
26 An afterthought turns a famous horse to brilliance (7)
27 Ride a cocktail (7)
28 Shows concern for the other side—and about time too (4, 3, 5)

- DOWN
2 Escape with Welsh emblem, "we bear on time" (7)
3 "in news is torture" (Milton) (5)
4 Pulls up the hard-worker (4)
5 Alert about a horse—it's quite the fashion (3, 3, 4)
6 Constellation gets on round the South American city (5)
7 Gets down to work when the bosses are around, that is (7)
8 Accept a brief like a porter (4, 2, 3, 4)
9 Army officer comes to the local at length to find the man-in-the-street (7, 6)
14 As it happened entered as a competitor (2, 3, 5)
17 Flair not changed to smooth things out (8)
19 Sunday aids graduates coming up to West Country town (7)
21 Where Lars Porsenna came from (7)
23 Off the straight like the Botanic Gardens (5)
25 The river rises, then note the duck (4)

Table with columns for RADIO 1, RADIO 2, RADIO 4, and Capital Radio. Lists programs like 'Stereophonic Broadcast', 'The Traveller's Oracle', etc.

WATCHED BY a record crowd
of more than 77,000, Seattle Slew
never appeared to be in any
trouble as he moved a step closer
to U.S. racing's triple crown by
winning the Preakness Stakes
here on Saturday.

Smokey Bear looks best

IT CANNOT be said that the
stable struck form with a ven-
geance last week, on land in the
Hothfield Two-Year-Old Stakes
with Lareyna, a filly by West
Paget, who was successful at
Wolverhampton three weeks ago.
Walwyn can complete a double
with Lady of the Moon in the
Chilham Fillies Stakes.



OVERSEAS NEWS

Spain sends five Basque detainees into exile

BY ROGER MATTHEWS

BILBAO, May 22

DOLORES IBARRURI, La Pasionaria of the Spanish Civil War, injected fresh emotional tension into her native Basque provinces today when she made her first public appearance since returning from nearly 40 years exile in the Soviet Union.

As the 81-year-old Communist Party president tearfully addressed tens of thousands of cheering militants, five Basque political prisoners who had been jailed for crimes of violence arrived in Brussels having been sent into exile, and a massive police hunt was continuing for the kidnapers of one of the region's most prominent industrialists Sr. Javier Ybarra.

because of the kidnapping of Sr. Ybarra and an indication by the Basque Separatist faction ETA that it is planning to return to the offensive.

GM smaller car plan

BY STEWART FLEMING

NEW YORK, May 22

GENERAL MOTORS, the largest of the U.S. motor manufacturers, is planning to increase production of its smaller, more fuel efficient cars later this year, Mr. Tom Murphy, the company chairman, said at its annual meeting.

Morocco says Zaire task over

RABAT, May 22

MOROCCO said today that the task of its 1,500-man force fighting rebels in Zaire's Shaba province is over.

The Moroccan contingent was flown to Zaire last month after initial successes by the rebels, who the Zaire Government says invaded from Angola with Cuban and Soviet help.

Zairean troops and their Moroccan allies have pushed steadily westward in recent weeks on the line of the Benguela railway. The Zaire News Agency, Azap, reported yesterday they had captured Dilolo—the point where the railway crosses the border into Angola.

Young stresses U.S. policy on S. Africa is flexible

BY GRAHAM HATTON

JOHANNESBURG, May 22

THERE IS as yet no formulated programme of American pressures or sanctions to force South Africa to scrap apartheid, Mr. Andrew Young, the Black U.S. ambassador to the United Nations, told newsmen here today.

He said a position paper had been prepared outlining various options, such as withdrawal of the U.S. military attaché in Pretoria, a tougher stance on visas for South African visitors to the U.S., and so on, but no decision had been taken to implement any of them.

At a breakfast meeting at the home of Mr. Harry Oppenheimer, the mining magnate, he told editors he was against broadly based sanctions and economic boycotts against South Africa to pressure Pretoria into accepting political change.

Last night he recommended a more broadly sympathetic, similar approach to businessmen judging from the warm applause in his reception. Most black honours at a Johannesburg hotel observers on the other hand, instead of blaming their Government seemed to be sceptical, tending to the view that Mr. Young had the race relations front, he said, spoken 10 years too late and businessmen themselves should take a leading role in bringing about change in South Africa.

While conceding that there are crucial differences between the U.S. and South Africa, Mr. Young refused to be deflected Southern Africa adopted results from his now well-known views on Saturday calling for a great deal from the American South Africa and an inter-civil rights movement of which national postal and telecommunications boycotts were a leader.

Israel coalition move

BY L. DANIEL

TEL AVIV, May 22

NEGOTIATIONS for the formation of a new Israeli Government this time headed by Likud's Menachem Begin will begin on Tuesday with a meeting between Mr. Begin and Prof. Yigal Yadin, the leader of the newly-emerged centrist organisation the Democratic Movement for Change (DMC).

Mondale, Owen talks on Vorster meeting

BY BRIDGET BLOOM

MR. WALTER MONDALE, the U.S. Vice President, arrived in London from Belgrade yesterday and last night had dinner with Mr. Callaghan, the Prime Minister and Dr. David Owen, the Foreign Secretary, at Chequers.

Through Mr. Mondale will review the whole of his 10-day European tour with British Ministers, clearly his prime purpose is to discuss the centrepiece of that visit, his meeting in Vienna late last week with Mr. John Vorster, the South African Prime Minister.

British ministers are unlikely to be surprised at the profound gap which emerged in Vienna between the U.S. desire to see change in South Africa's apartheid system and Mr. Vorster's outright refusal to accept any fundamental alteration in the separate development scheme. However, Mr. Callaghan and Dr. Owen will not doubt want to know how the U.S. Administration sees its relations with South Africa in the immediate future, particularly in regard to the tougher action at which Mr. Mondale hinted if South Africa continues to refuse to change.

Law of the sea conference reconvened in New York

BY REGINALD DALE

THE long-running UN Conference on the Law of the Sea (UNLOS) reconvened in New York today for what delegates are predicting will be a "make-or-break" session.

It will be the sixth eight-week, long session since the current round of negotiations started in Caracas in the summer of 1974.

By far the most difficult issue for the 156-nation talks will be the establishment of agreed rules for exploiting the vast mineral riches that lie deep on the seabed beyond national jurisdiction. While the UN has agreed that these resources mainly in the form of nickel, cobalt and manganese nodules are "the common heritage of mankind," the world's rich and poor nations remain deeply divided over who is to develop them.

Decision is delayed on Irish fish measures

BY DAVID BUCHAN

BRUSSELS, May 22

THE EUROPEAN court in Luxembourg today decided not to order the Irish Government to end its unilateral measures to replace the Irish measures, and asked the court to do.

Instead, the court decided to hear the case again on June 22, until then Ireland is free to continue its measures which recently led to the arrest of 19 Dutch trawlers.

But the court—in deferring its decision—commented that the measures had a "discriminatory appearance" that they "may well jeopardise the successful outcome of Community deliberations" on an internal EEC fisheries regime, and were con-

Referendum setback for Malcolm Fraser

BY KENNETH RANDALL

CANBERRA, May 22

YESTERDAY'S national referendum on four proposed changes to the Australian constitution have produced a serious setback for the Prime Minister.

Mr. Fraser has failed to obtain the necessary majority of four states (out of six) approving his proposal that future elections for the house of representatives and the Senate should be held simultaneously—despite the nationwide support of the Labor Party opposition, headed by Mr. Gough Whitlam.

As a result, the Government will now have to face elections for half the seats in the Senate sometime in the 12 months beginning on July 1. On several grounds, the prospect has introduced elements of uncertainty and potential instability into the Australian political outlook for a

Your family business - we can help keep it that way

If your time increasingly is spent in the day-to-day running of your business, you may be neglecting one of its most important aspects—the future.

Capital Transfer Tax, pensions and insurance

Making sure that a family business stays in the family is more than a matter of building up assets. Capital Transfer Tax, income and Corporation taxes have to be contended with. There's the problem of providing adequate funds for your pension, for your family on your death, and to cope with CTT payments. It's also important to review your commercial and industrial insurance policies regularly to make sure that they're keeping pace with your company's growth.

Let Lloyds Bank help

If you go it alone, you'll find it costs you time and money. A call to the manager of your local branch of Lloyds will put you in touch with specialists in one of our Trust Division branches, located throughout the country, who can help you:

- improve your tax savings
- take full advantage of CTT exemptions
- re-appraise insurances
- make sound provision for retirement

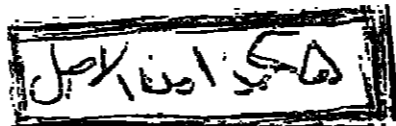
How much does it cost?

We can't tell you until we've met. Our initial advice is free and our help could cost you nothing. If you ask us to prepare a detailed plan, we may ask for a reasonable fee depending on the circumstances.

But if you want to keep your family business in the family it's worth taking the trouble to call in and see us.



Lloyds Bank



# Trade abuse in TV industry criticised

BY DAVID BELL

WASHINGTON, May 22.

THE INTERNATIONAL television industry has seen "some of its most abusive practices" in world trade, Mr. Robert Strauss, chief American trade negotiator, told reporters soon after reaching agreement with the Japanese on restriction on colour television exports.

The situation in the industry, he went on, underlined the urgent need for fresh progress in the Geneva trade talks. In particular there was a need for a new set of rules with which to define fair trade practices. In an effort to get the present talks off "dead centre," he is to visit a number of European capitals later this year in an attempt to clear the way for substantive talks later, probably early in 1978.

Mr. Strauss was careful not to single the Japanese out for public criticism but he left little doubt to whom he was referring. He noted that "a number of countries" had been accused of predatory pricing practices, unfair competition and unfair subsidies and said there was no doubt that there had been "serious problems with the Japanese industry."

In the light of this he said the new orderly marketing agreement had been carefully designed to encourage Japanese producers to set up more new plants in the U.S.

"Separate assurances have been made that the Japanese Government will encourage investment by Japanese TV makers in productive U.S. facilities to provide for substantial levels of U.S. labour content in the completion and assembly of semi-finished imports," Mr. Strauss said.

The agreement, which restricts Japanese exports to 1.75m. sets a year for the U.S. market for the next three years, means a 40 per cent. decrease over Japanese exports last year.

However, there is abundant evidence that producers and retailers had flooded the market in advance of the agreement, fearing that it was coming, and there are now large stocks of Japanese sets in this country.

Mr. Strauss stressed that once again the Carter Administration has avoided an outright protectionist move. He conceded that the orderly marketing agreement was a "restraint of trade" but said that, given the pressure for more protectionism inside the U.S., it was the very least that the Administration could have done. "It is sort of like medicine—it is not very pleasant but if you do not take it now things will be very much worse later on," he said.

The U.S. International Trade Commission, which proposed quotas rather than an orderly marketing agreement, defined completed and semi-completed sets slightly differently from the way they are described in the new U.S.-Japanese agreement. Under this, completed sets are defined as either a fully assembled set or a completed kit that can be assembled.

Incompleted sets are defined as either a picture tube accompanied by a "significant portion of television receiver electronics" or as all or part of a chassis frame with a main printed circuit board.

Mr. Strauss said that one of the aims of this decision was to increase the U.S. labour "input" into Japanese-made sets to at least 35 per cent. and that these definitions would help realise that aim.

## EUROPEAN AEROSPACE

# New airlines under scrutiny

BY DAVID CURRY

TWO DESIGNS for a European-built short to medium haul airliner to come into service in the early 1980s are now being studied by experts from the British, French and German aerospace industries.

The projects are very different. The British design, argued by the British Aircraft Corporation (now British Aerospace) is based on a stretched version of the existing BAC One-Eleven airliner re-equipped with two 10-tonne (22,000 lbs) thrust rear mounted CFM-56 engines—which have been developed jointly by General Electric of the U.S. and SNECMA of France.

The French concept calls for a completely new airliner to exist in two basic versions, christened the A200A and the A200B, the former carrying around 120 passengers and the latter, which would, in fact, be the first to be developed, holding up to 174 passengers. Both versions would be powered by two CFM-56 engines under the wings and their only fundamental point of difference would be length of fuselage.

BAC's X-Eleven project was refused State aid some months ago by Mr. Gerald Kaufmann, the Aviation Minister, but the company has maintained work on it and has tried to interest Japanese and American clients. Its main selling point would be its relatively low development costs and hence the ability to hold down the weight of depre-

ciation charges in the calculation of economic efficiency for the airlines.

The French project, being promoted by the State-owned company Aerospatiale, which is a partner in the Airbus consortium, clearly owes much both to the Airbus experience and to the work which went into the abortive project to develop the Mercure 200 with McDonnell Douglas.

Its plans call for the maximum compatibility with the Airbus itself, and Aerospatiale is arguing that two versions of the A200, plus eventually a long-range version of the Airbus along with the planned E-10 shortened medium-range Airbus will constitute a complete range of aircraft in all but the Jumbo category and small feeder aircraft which, in any case, is filled by VFW-Fokker.

Aerospatiale claims that the A200 project meets most exactly the requirements of airlines explained to it during the presentation last November together with Douglas of the Mercure 200 at Long Beach.

This showed, the French company argues, that the need is for a 3,000 km. range aircraft, for service around 1982, in versions carrying around 120 and 160 passengers two-class, meeting severe requirements for operating costs and initial price to make it competitive with the Boeing 737, 727 and DC9.

These exigencies, together with Douglas' own interest in seeing the Mercure as filling the gap between the DC9 and DC10 and increased in range and capacity, would have meant a complete redesign of the Mercure, including the wing.

Disagreements with the American company over its own ideas for a new version of the DC9 itself, over French anxiety to avoid developments which would compete with the Airbus, and failure to agree over the financial arrangements added to the growing feeling that the Mercure 200 simply would not fit the bill, served to kill off the Mercure project though the funeral oration has yet to be pronounced.

The A200B with the 22-24,000 lbs thrust engine would have capacity of 160 passengers in two classes claimed to be 15 per cent. better than the 737-200 which is the yardstick against which the project is measured. Its range would be 3,750 km.; with the eventual 25,000 lbs thrust engine its range would stretch to nearly 4,200 kms.

The A200A with its 22,000 lbs thrust engines would carry 120 passengers over almost 5,000 km. For this machine a 15 per cent. higher capacity than the 737-200 is claimed. The CFM-56 motor claims a 30 per cent. saving in fuel costs over the JTSD but has a higher purchase price. Eventually a 27,500 lbs thrust version is planned giving the A200B a take-off weight of more than 80 tonnes.

Two years ago at Le Bourget the French Government called for a European venture to build a new airliner; it claims the poor response to that call led it into the venture with Douglas. This time industry is likely to have a difficult time persuading the French, German and British Governments of the well-foundedness of either A200 or X-Eleven project.

The French and the Germans still face very heavy expenditure on the Airbus development, and even the hope of a kiss of life from Eastern Airlines is not about to transform this project into a money-spliner.

The British Government has to decide whether to join the Airbus project itself as it is under pressure to do from its own industry and overseas Government, and may think that the simultaneous endorsement of two European projects looks highly risky. Having refused aid to EAC to develop the X-Eleven, Whitehall is unlikely to endorse over the A200 project, particularly since both projects have a rather improvised look.

France also has to face the problem of how to replace the Caravelle fleet of Air France: the odds here are on Boeing 737S with an arrangement for Aerospatiale to re-equip 707S with CFM-56s by way of "counter-purchase." This would answer some of the unemployment problem at Aerospatiale which is undoubtedly worrying the Government.

# Italy signs £330m. contract with Iran

BY PAUL BETTS

ROME, May 22.

AFTER nearly two years of delicate negotiations with the Iranian Government, Italian plant, the Genoa-based State-controlled civil engineering group, has signed nine contracts worth £500m. (about £330m.) representing the first part of a deal, estimated at an overall value of about US\$2bn, to build a steel and harbour complex at the southern Iranian port of Bandar Abbas.


Italimpianti is expected to sign nine further contracts related to the Bandar Abbas project in the first fortnight of June.

Part of the Iranian payment is understood to involve direct crude supplies to Italy, while the balance is expected to be covered by export credits. Informed sources disclosed that the first nine contracts were signed in Teheran last week between the Iranian Government and the chairman of the Italian group, Sig. Lucien Sicouri.

Sig. Sicouri is expected to remain in Iran until the middle of June for the completion of the entire Italian deal.

The Italimpianti contracts represent another major overseas success for Italian industry which is already involved, through the semi-state construction group, Condotte d'Acqua, in a \$1bn. project to build a commercial harbour also at Bandar Abbas.

In recent months there has been intense Italian diplomatic activity in the oil producing countries of the Middle East, including Iran.



## AULT & WIBORG GROUP

**Salient points from the Statement by the Chairman, Mr. John McLaren**

- Profit before taxation was £1,930,000 compared with £926,000 in 1975. Earnings per share 4-55p (1975 1-79p).
- We plan to spend about £1,600,000 on fixed assets in 1977, double the amount spent in 1976. Working capital requirements will also increase.
- Dividend 1-8p per share amounting to £354,000. Profit retained £539,000 (1975 £16,000).

**PRINTING INKS · PRINTERS' ROLLERS & SUNDRIES · CONTAINER COATINGS · AUTOMOBILE & INDUSTRIAL PAINTS · CHEMICALS & RESINS FOR INKS, COATINGS, TEXTILE, PAPER & CONSTRUCTION INDUSTRIES · SPECIALIST COATINGS, FLOORINGS & LININGS**

### World Economic Indicators

	INDUSTRIAL PRODUCTION				% change on year
	April 77	Mar. 77	Feb. 77	April 76	
U.S.	129.9*	128.8*	127.1	122.5	+6.0
W. Germany	111.8*	112.7	107.4	108.4	+2.9
U.K.	104.3	104.0	104.3	101.9	+2.3
Belgium	117.9	110.7	107.3	110.7	+6.5
Italy	126.7	123.9	129.8	115.5	+2.5
Japan	127.7	128.6	128.8	118.2	+8.0
Holland	114.0	113.0	120.0	111.0	+3.6
France	127.0	130.0	124.0	120.0	+5.8

\* Provisional

# Petrobras order expected

BY HUGH O'SHAUGHNESSY

PETROBRAS, the Brazilian state oil concern, is expected to place an order with a Scottish yard for a simple offshore oil drilling platform during the next few weeks. It would be similar to the \$5m. steel platform structure Petrobras ordered from the Ardsler yard of McDermott in December.

Highland Fabricators' yard at Nigg Bay is being strongly tipped for the Brazilian work this time. Sr. Shigeaki Ueki, the Brazilian minister of energy, had talks with Highland Fabricators during his visit to Britain this week. Sr. Ueki also had discussions with Shell and BP and visited the Forties field.

The Brazilians are later expected to place orders for drilling rig equipment following the raising of \$80m. in loans for oil equipment in the London capital market this week.

While a second platform order would consolidate the British position as a supplier to the Brazilian offshore industry the Brazilians are eager to develop their own platform building capability. Foreign oil companies signing risk contracts with Petrobras for oil exploration in Brazilian offshore areas, such as BP, are being encouraged by the Brazilians to use locally produced equipment to the utmost. Brazilian yards are likely eventually to take over supplying the simpler offshore platforms.

Ray Dafter, Energy Correspondent, writes: Platform builders are anxiously waiting for a new round of orders which could help to fill the dwindling order books. Apart from export work there are also signs that a number of North Sea operators could place new contracts within the next few months.

Four of the eight yards are currently without any orders at all: ANDOC at Hunterston, Laing Offshore at Graythorn, Redpath Dorman Long at Methil and Sea Platform Contractors at Portavadie.

Chevron is expected to confirm a second steel platform order for the Ninian Field with HIFAB within the next month while Conoco, as operator for the Murchison Field, is seeking tenders for a new platform from all the U.K. steel platform yards.

July will be a particularly crucial period for RDL's Methil yard where all but the staff and apprentices are due to be paid off next Friday. The yard's future depends on a major new contract. Shop stewards believe that between 65 and 70 per cent. of the skilled workforce have already secured new jobs which means that RDL faces the challenge of recruiting a new labour force again.

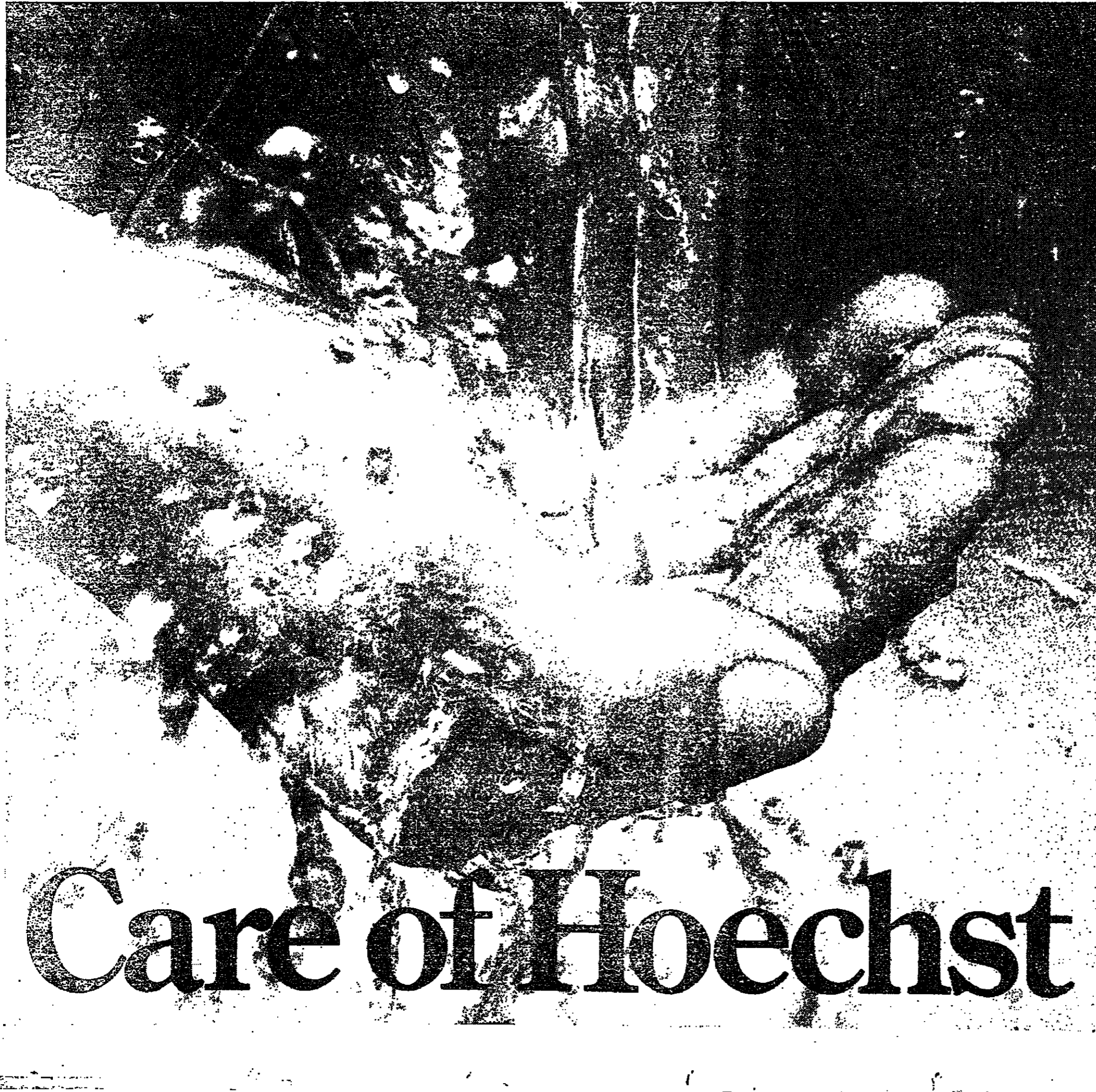
# Dell flies to Moscow

Financial Times Reporter

TRADE SECRETARY Edmund Dell flies to Moscow to-day to discuss prospects for more big Russian orders for U.K. companies.

The annual Anglo-Soviet trade talks get off to a good start in the shadow of the £150m. contract for a Methanol plant—the largest single contract signed between U.K. firms and Russia—which was signed last week.

But Mr. Dell is bound to point out to his opposite number, deputy PM Vladimir Kirilino, that more than half of the "Wilson credits" of the £950m. credit arrangement agreed in February, 1975, still remains to be taken up. Even with the new methanol contract more than £500m. credits still remain to be allocated.



Fortunately, not everyone thinks about water supplies only when there's a drought.

Some years ago, a high density polyethylene, called Hostalen, revolutionised the manufacture of mains water pipes.

Now they're used by water authorities throughout the UK.

Unlike traditional supply systems, they resist corrosion. They're flexible, easy to handle and transport.


Hostalen makes it easy to reline faulty water mains, too. This means a great saving in time and cost.

And who developed Hostalen? Hoechst.

It's one of the world's largest companies. Last year it spent over £200 million on research alone.

Hoechst in the UK employs over 8,000 people. In 1976, its UK companies had a turnover of about £300 million.

Its products in the UK, apart from plastics, include agrochemicals, pharmaceuticals, veterinary products, chemicals, decorative and industrial paints, high tenacity fibres, packaging films and office equipment.



## Hoechst

For more facts, please write: "Care of Hoechst", Salisbury Road, Hounslow, Middlesex. Or phone 01-570 7712 ext. 3169.

Handwritten signature or stamp at the bottom center of the page.

APPOINTMENTS

Mr. Brian Nicholson on CompAir Board

Mr. Brian Nicholson has been appointed to the Board of CompAir...

Mr. Gordon Mitchell has been appointed financial director of Thomson North Sea...

Mr. L. F. Chamberlain has been elected chairman, and Mr. L. P. B. Denton deputy-chairman...

Joint company formed by Dowty and Smiths Inds.

Dowty Group and Smiths Industries have agreed to strengthen their existing collaboration...

Mr. Ralph Maddox has been appointed chief executive of Condura Fabrics...

Dr. Hans-Henning Erdmann is to join Wuerthelbergische Kommunale Landesbank...

Mr. John Cooper, vice-president of the London Chamber of Commerce...

Mr. J. R. Hope has been appointed managing director of EPS (Sittingbourne)...

Mr. Peter Borwing, deputy chairman of C. M. Bowring...

Four Board appointments have been made by the OGDEN GROUP OF COMPANIES...

EMCO (GREAT BRITAIN) has made Mr. Robert E. Collins marketing director.

Mr. A. G. Kanehlis, a main Board director of Paterson Zochonis...

Mr. R. P. Shallow, Mr. A. E. Taylor and Mr. M. L. Lawinski have been made directors of PACOL STORAGE & TRANSPORT CO.

Mr. M. H. Keir has been appointed a director of PIELDING JUGGINS MONEY & STEWART, Lloyds' brokers.

APPOINTMENTS

ACCOUNTANT c. £6,000 An accountant is required for the Insurance Division of a major international group based in the City of London...

COMPANY NOTICES

HISPANO FUND For the information of Unit Holders: In the United Kingdom Coupon Number 11 is now payable on presentation to the London Paying Agents, Charterhouse Japhet Limited...

WHITBREAD & COMPANY LIMITED NOTICE IS HEREBY GIVEN that the Register of Members of the Society will be closed from 21st June 1977 to 24th July 1977...

CONFERENCE? SEMINAR? COMPANY MEETING? RECEPTION? FILM PREVIEW? ADVERTISING PRESENTATION? There's no need to hunt around the West End for a suitable venue or viewing theatre...

FINANCIALTIMES CINEMA All enquiries to: E. J. Dorner, Cinema Manager, The Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Tel: 01-248 8000 (ext. 670).

WEEK'S FINANCIAL DIARY

Table with columns for Date, Title, and Venue. Lists various trade fairs and exhibitions such as 'Comm. Emergency Int. Lighting Ex. (cl. May 26)', 'National Safety Exbn. & Conf.', etc.

WEDNESDAY, MAY 25

Table with columns for Date, Title, and Venue. Lists various trade fairs and exhibitions such as 'Comm. Emergency Int. Lighting Ex. (cl. May 26)', 'National Safety Exbn. & Conf.', etc.

THURSDAY, MAY 26

Table with columns for Date, Title, and Venue. Lists various trade fairs and exhibitions such as 'Comm. Emergency Int. Lighting Ex. (cl. May 26)', 'National Safety Exbn. & Conf.', etc.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Table with columns for Date, Title, and Venue. Lists various trade fairs and exhibitions such as 'Comm. Emergency Int. Lighting Ex. (cl. May 26)', 'National Safety Exbn. & Conf.', etc.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table with columns for Date, Title, and Venue. Lists various trade fairs and exhibitions such as 'International Padua Fair', 'Barcelona International Fair', etc.

BUSINESS AND MANAGEMENT CONFERENCES

Table with columns for Date, Title, and Venue. Lists various business and management conferences such as 'British Shippers' Council: Air Cargo—New Concepts', 'Institute of Purchasing & Supply: Chemical Purchasing in Today's Economic Climate', etc.

This week in Parliament

Commons—Debate on the Annual Report of the Committee of Broad Caring. Motion on the Code of Practice on Disclosure of Information to Trade Unions for collective bargaining purposes.

Credito Italiano logo and text. Under the Chairmanship of Professor Silvio Golzio, the Annual General Shareholders' Meeting of Credito Italiano was held in Genoa on 22nd April 1977. The Meeting approved the Balance Sheet as at 31st December 1976, which showed a net profit of Lit. 7,957,465,896.

BALANCE SHEET AS AT 31st DECEMBER 1976. Table with columns for ASSETS (Cash and funds with the Bank of Italy, Ordinary Treasury Bills and other securities, etc.) and LIABILITIES (Capital, Reserves, Monetary revaluations reserve, etc.).

INTERNATIONAL BANKING One of the best established banks in the City is very keen to add to its strength in the following areas: BUREAU, LOANS ADMIN., CREDIT ADMIN., ACCOUNTING, P.O. INSTRUCTIONS, SETTLEMENTS.

FRENCH KIER HOLDINGS LIMITED NOTICE IS HEREBY GIVEN that the Register of Members of the Society will be closed from 21st June 1977 to 24th July 1977...

FRENCH KIER HOLDINGS LIMITED NOTICE IS HEREBY GIVEN that the Register of Members of the Society will be closed from 21st June 1977 to 24th July 1977...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

BUILDING SOCIETIES ACT 1962 NOTICE IS HEREBY GIVEN that a Librarian Permanent Building Society, No. 3348, has been established...

HOME NEWS

Du Cann wants new spending watchdog

PERT CORNWELL, LOBBY STAFF

FORMING committee of out of date, whole areas of ever-increasing public spending...

Eye on extravagance

One special sub-committee of it would look after the auditing job of Public Accounts, which traditionally has exposed particularly unjustifiable extravagances by Government Departments...

Accountants rebel over new system

BY MICHAEL LAFFERTY, CITY STAFF

A GRASS-ROOTS rebellion against compulsory inflation accounting is forcing the English Institute of Chartered Accountants to convene a special meeting in July...

Christie's to sell 1863 Latour

By Edmund Penning-Roswell

LATOUR, the English-owned first-growth Medoc, is following its Panillac peers in offering a wide range of its wines at Christie's on the evening of June 16...

Mason on new path to power sharing

BY GILES MERRITT

MR. ROY MASON, Northern Ireland Secretary, today will open a series of talks with Ulster political leaders by meeting Mr. Harry West, leader of the Official Unionist Party...

Government near victory over comprehensives

MRS. SHIRLEY WILLIAMS, the Secretary for Education, has won the first round in the battle to force eight reluctant Conservative education authorities to submit plans for comprehensive reorganisation...

More unemployed 'in coming months'

BY MICHAEL BLANDEN

THE MONETARY squeeze from September to March will produce a rise in unemployment over the coming months, stockbrokers say...

Month's blessing tal out -morrow

LEGAL Employment figures for the month, due to be published tomorrow, will be watched closely as the most important economic indicator of the week...

New £25,000 training aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MR. JOHN BRITTEN, who designed the highly successful Islander twin-engine light transport aircraft with Mr. Desmond Norman, has now designed another new aircraft, a light twin-engine trainer called the Sheriff...

April sets record for National Savings

BY CHRISTOPHER HILL

NATIONAL SAVINGS has made a good start to the present financial year. Last month's results are the best achieved in any one month...

Table with columns: End April 1976, April 1976, Receipts, Repayments, Net Receipts. Rows include Savings Certs, Saver's Savings Bonds, etc.

Estimated for 31 weeks. Includes £119.5m. receipts and £20.7m. repayments on index-linked issue to date this year...

"And on your chosen subject, Office Communications, you passed on five questions..."



Advertisement for Infotec copiers and word processors. Text includes: 'The world's fastest-selling plain paper copier is... the Infotec 1101.', 'The UK's second most popular brand of rented copier is... yes, you've guessed, Kalle Infotec.', 'You don't have to be a mastermind to know all the answers. Simply write to Kalle Infotec...' and contact information for Kalle Infotec.

Advertisement for BANCO DI NAPOLI ANNUAL REPORT 76. Includes a list of assets and liabilities in millions of lire, and a small illustration of a figure.

RESEARCH

Sara finds the quickest way

ERGONOMICS was one of the most frequently used buzzwords a few years ago and while it is still heard nowadays, this is not because all the lessons have been learned.

On the contrary, most new cars — for instance — attract the instant dislike of one or other of the motoring writers because of the layout of instruments, controls or engine compartment — in other words, their ergonomics.

But it is not an easy matter to study and to quantify, any more than is work study, with which it has major connections.

It will come as welcome news to many designers, particularly in production or operation areas, in which there will be large numbers of machines and operators (or instruments and control staff) that equipment has been built and a methodology worked out which will reduce analysis of operations to perhaps a day or so from — in some instances — over a year.

The equipment has been designated by the mnemonic SARA, for System for Activity Recording Analysis and it was developed by a group at the British Ship Research Association's Technical Services Centre at Wallsend under Mr. J. Grantnam.

It was evolved originally to help in the development of a complex computer-assisted design system BSRA is operating for the U.K. shipbuilding industry, primarily in the study of human factors which influenced the method of operating the unit, so as to get the best possible return out of what is a complex and powerful piece of design equipment.

But it has many obvious uses where man/machine interactions demand careful study from the various standpoints of safety, efficiency and fatigue reduction.

More from BSRA, Wallsend Research Station, Wallsend, Tyne. Various standpoints of safety, efficiency and fatigue reduction. 625242.

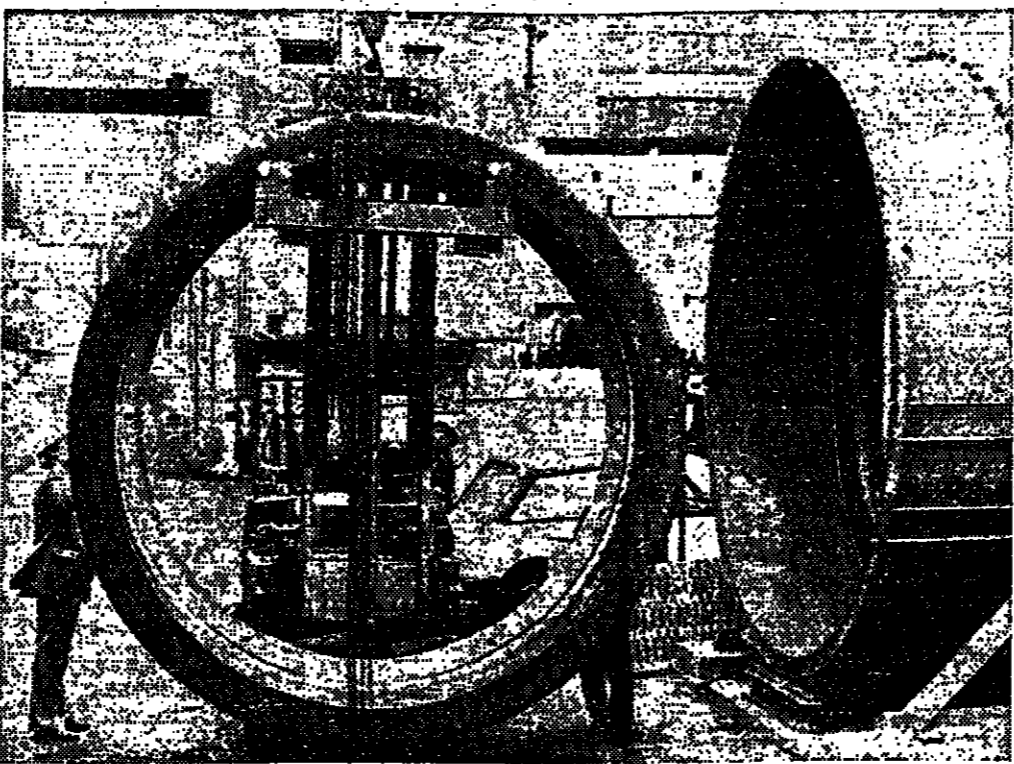
SECURITY

Discourages the thief

AVAILABLE from Volumatic of Coventry is a pen containing porous or rough surfaces. The fluorescent ink which enables hidden areas should be used for the normally invisible marks to be made on items for security purposes.

Main application will be the prevention of theft in retailing, the office and in industry, where items can be established by shining ultraviolet light on to the mark, which glows blue.

More from Kingsfield Road, Coventry. Marks made are weatherproof and cannot be removed from CV6 5AS (0203 84217).



Ready for testing is the first of the giant rubber to metal seals which will supply flexible connections along the service tunnels to the Thames Barrier.

The seals, of which 24 will be supplied, come under a £1m. contract awarded by the Costain-Tarmac-BRM joint venture, main civil engineering contractor.

COMPONENTS

No threat to Europe

ACCORDING TO a research report from Frost and Sullivan, American and Japanese manufacturers of mechanical power transmission equipment are unlikely to be a threat in the European market unless they can produce high quality products at very competitive prices.

Forecast demand for mechanical power transmission (MPT) equipment in the six EEC countries covered by the report is expected to rise from £1.147m. in 1976 to £1.389m. in 1985, at constant 1976 prices.

Hydraulic axial pump

LATEST POWER transmission equipment from Boehringer GmbH, West Germany, is a range of hydraulic axial pumps. There are three sizes with working pressures up to 315 bar (peaking to 400 bar).

Cylinders are twice as fast

DOUBLE ACTING cushioned air cylinders to an advanced design have been developed by Marzon. Bore sizes range from 32 to 100 mm and a full range of mounting is available to BS 4862.

AVIATION

Safer aloft and on the ground

OVER MOST of the world outside North America, Decca Software Sciences (DSSL) is to market and support the Arts II automated radar terminal system, evolved by Burroughs to provide a far greater degree of safety by providing a powerful aid to traffic controllers at major airports.

MATERIALS

Resin with less fire risk

LOW STYRENE polyester laminating resin to meet the fire retardant requirements of the automotive, building and construction industries, has been developed by Synthetic Resins.

METALWORKING

Hydrostatic cold press

AN HYDRAULIC press for cold forming large tubular blanks by the hydrostatic method has been developed by Wellman Enerco.

RETAILING

Giro plan for the food industries

DISCUSSIONS ARE in progress round the retail chains and manufacturers in the food industries which could ultimately lead to a large measure of standardisation of accounting documents.

ALLIED BREWERIES. J.C. BAMFORD. BNFL. BP. BRITISH LEYLAND. BTR. DOWTY. ROLLS-ROYCE MOTORS. DUNLOP. DUPLÉ. FORD. GIRLING. PERKINS. WHITBREAD. ICI. ROVER. INTERNATIONAL HARVESTER. UNILEVER. H.J. HEINZ. LANSING BAGNALL. GKN. LONDON TRANSPORT. REMPLOY. METRO-CAMMELL. COVENTRY CLIMAX. HAWKER SIDDELEY. JAGUAR. HOTPOINT.

We're known by many names. Including these. Considering the fun that people have had with our name over the years, Ankles & Fetlocks, Tickle & Coughdrip, that kind of thing, it's a wonder that major manufacturers take us seriously.

CONTRACTS AND TENDERS

YEMEN ARAB REPUBLIC. YEMEN GENERAL GRAIN CORPORATION. PREQUALIFICATION OF TENDERS FOR CONTRACT YGG3 DESIGN, SUPPLY AND INSTALLATION OF BAKERY PROCESS AND MILLING EQUIPMENT WITH SUPPORT SERVICES.

PLANT & MACHINERY SALES

Table with columns: Description, Price, Telephone. Lists various machinery items like Two Variable Speed Four High Rolling Mills, Rotary Swaging Machine, etc.

WANTED

MODERN USED ROLLING MILLS, wire rod and tube drawing plants—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.

ELECTRONICS

RCA tubes launched

AT A discreet distance behind Philips, which made a similar announcement a few months ago, RCA has released more information about the use of its precision in-line 110 degree colour television tubes in the U.K.

The tubes, which are a technical advance on earlier "delta" tubes using smaller deflections, but offer no obvious advantage to the viewer apart from a slight reduction in the cabinet depth (for 110 degree types), are made in RCA plants in the U.S., France and Italy.

TI ACCLES+POLLOCK. Doing a great deal with tube. To: Alan Garner, TI Accles & Pollock Ltd, Oldbury, Warley, West Midlands, B69 2DE.

Vertical text on the right margin: libera, Pippol, G, strong Imper, evidence, support, library et

Vertical text at the bottom right margin: CONTRACTS AND TENDERS APPEAR EVERY MONDAY



HOME NEWS

Liberal Council supports pact with Government

PHILIP RAWSTORNE
JAMES CALLAGHAN'S pay deal and Government...
The Liberal rank-and-file...
Liberals attach considerable importance to the Government's intentions...

Campaign

Mr. Callaghan with a substantial...
Mr. Eric Heffer, the former Industry Minister...
A resolution, signed by other Left-wing members...

Armstrong Equipment buys Imperial factory

BY RHYS DAVID, NORTHERN CORRESPONDENT
ARMSTRONG EQUIPMENT, many workers at Beverley...
The Hull factory...
The Eastgate factory is one of the company's biggest plants...

LEYLAND STATEMENT 'No evidence found to support bribery charges'

THE FOLLOWING statement on Mail stated that Barton 1 was...
British Leyland wishes to underline yesterday's official...
Mr. Alex Park, chief executive...
The company would also like to draw attention to the apparent inconsistencies...

Ryder letter confession

THE MAN who admitted forging the "Ryder letter" had made an astonishing confession...
The man who wrote the letter, Mr. Graham Barton, a Leyland executive...

PERSONAL

BUSINESS IN ITALY?

Itaipak deal gives you 1 to 6 or more nights in Milan, Turin, Florence or Rome at 1st class hotels plus Alitalia scheduled flights at very competitive prices. Ask any Alitalia office in the UK.

LABOUR NEWS

Hawker Siddeley staff appeal

BY OUR LABOUR STAFF

AN APPEAL by the Hawker Siddeley Dynamics staff association at Hatfield against refusal of a certificate of independence under the Employment Protection Act...

It is only the second appeal against a decision of the Certification Officer to be heard. The first involving the Blue Circle Staff Association, was lost.

Mr. John Edwards, the Certification Officer, whose first annual report was published last week, has received 310 applications for certificates of independence. A total of 244 have been granted—150 to TUC-affiliated unions and 30 refused.

Mr. Edwards says in his report that the most frequent ground for refusal has been a union having all its members working for one employer, exposing it to the risk of pressure by the employer...

Massey-Ferguson dispute flares as 90 walk out

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

ABOUT 90 workers have walked out of the Massey-Ferguson alleged lack of effort last week strike by more than 1,200 earlier this year caused a bitter 11-week strike.

The men, demonstrating the return to work the issue has still to be resolved. In dispute bargaining piece-work payments, this are manning levels and piece-work payments for the introduction of the new 500 series of tractors...

The management insists that with 136 men, an average output of 48 tractors a shift should be achieved, but the two gangs are still falling well short of this target.

GLC may scrap union plans

BY DAVID CHURCHILL, LABOUR STAFF

PLANS for a closed shop and participation on council committees for 20,000 white collar staff employed by the Greater London Council are expected to be scrapped to-morrow at the first full meeting of the newly-elected council.

The Conservatives, who won control of the GLC from Labour in the elections this month, have tabled two motions which will effectively prevent a closed shop and improved participation from being negotiated.

Local government workers expected to seek 30% rise

BY DAVID CHURCHILL, LABOUR STAFF, IN BRIGHTON

DELEGATES representing more than 650,000 local Government manual workers, members of the National Union of Public Employees, are expected to endorse their leaders' demands for an almost 30 per cent increase in basic earnings to-day.

The demand to increase minimum earnings from £38.50 a week to £50.00, is part of a strongly worded document from the union's executive council which attacks the Government's economic policies.

The document, which is being debated to-day at the union's biennial conference in Brighton, will commit the union to a policy of seeking a £50.00 minimum wage.

The NUPE leadership believes that the £50 minimum must form the main emphasis of the union's activity in the immediate future to help restore its members' living standards. It wants the TUC to adopt the £50 figure as part of the union's movements collective bargaining objective.

In spite of this pay demand, and the harsh criticisms of the Government, the union's formal attitude to the social contract and another round of pay policy will be decided to-day.

The union's executive council has not tabled any motion on pay policy, apart from the economic policy document. Instead, debates will centre on grassroots motions

Standards 'down'

TASS, the staff section of the Amalgamated Union of Engineering Workers, says that a survey shows a decline of up to 15 per cent over the last two years in the living standards of white-collar workers in engineering. Pay increases of more than £10 a week were needed to restore 1975 standards.

CPSA action

GOVERNMENT departments are expected to be disrupted for two days this week as part of industrial action by the Civil and Public Services Association in protest at the suspension of 500 of its members in Gibraltar in October.



GAS-THE FUEL IN THEIR FUTURE.

We're lucky in Britain, we have vast reserves of natural gas in the North Sea—enough to supply our essential needs for decades to come. Natural gas has already brought great benefits to Britain. It saves us thousands of millions of pounds each year on our balance of payments. It supplies a quarter of all the heat our industries need. And over 13 million customers already use this clean, controllable and economical fuel to heat their homes and cook their meals. But the best is yet to come. Because, as more gas becomes available, the benefits will continue to grow. Natural gas is a vital resource for Britain—and fortunately an abundant one. But it's much too good to waste. Provided we continue to use it wisely, natural gas will continue to serve our children for decades to come.

GREAT GAS SAVE IT FOR GREAT BRITAIN!

BRITISH GAS

# Building and Civil Engineering

## £4½m. award to Sunley

AN 11-storey office building on the Deira side of the Dubai creek in the Gulf is to be constructed for the Bank of Credit and Commerce by Bernard Sunley and Sons (Dubai) Pvt., a wholly-owned subsidiary of Bernard Sunley and Sons. Value of the contract is about £4½m.

The building is expected to attract a lot of attention as it will be faced in blue mirror glass. It will have black American walnut joinery with polished marble wall cladding in the banking hall.

Sunley says it expects to complete a floor every 21 days and complete the entire project by February 15, 1979. Architects are Fitzroy Robinson and Partners.

## Variety of jobs for Tilbury

MUCH OF the work to be carried out under the £2m. worth of contracts won by Tilbury Construction is for the building of dwellings.

Bourne Housing Society has placed an award worth £1m. for the construction of 63 flats at Wallington, south London. Runner up in terms of value is a £320,000 siteworks order subcontracted from Llewellyn Homes for the G.L.C.

Gilksdon Hardwoods is to have a £277,000 office and storage complex in Gloucestershire, while Percy Bilton has ordered the construction of a new pumping station worth £233,000 at a site in Middlesex.

Tilbury's tender of close on £100,000 has been accepted by Hampshire County Council, covering the construction of a jetty in timber and a harbour-master's office on the river Hamble.

Other jobs in the region of £1m. to £1.5m. are modifications to

## Town centre project

UNDER A contract worth about £3.2m. Willett is to construct a multi-level building complex in the centre of Kingston-upon-Thames, Surrey, involving extensive space for a large department store, individual shops and offices and a rooftop car park. This is the second phase of a town centre redevelopment scheme.

When the work is completed in two years time, the complex will have elevations on Eden Walk to the north, Eden Street to the south and Union Street in the west. Architects are Ronald Ward and Partners, with Hay Barry and Partners acting as structural engineers.

Piling starts in June, firstly for a helical ramp to be constructed near Union Street which will eventually carry cars up to rooftop level and thence over Eden Walk by link bridges to a car park.

Piling contractor is Cementation Piling and Foundations which is to construct about 170 large diameter piles as basic foundations for the overall complex.

## Four awards to Balfour Beatty

WORK WORTH £1.6m. recently obtained by Balfour Beatty Construction includes two contracts won in open competition from its parent BICC.

These two jobs are worth

£580,000. One is for Phase 1 of a new wire-forming facilities building at the Leigh factory of BICC General Cables. The second will cover the erection of a £320,000 single-storey computer centre at Penrith. This will become operational next year.

Jobs Dairy has placed an award worth £725,000 for the construction of a warehouse and cold store at Wraybury in Surrey while the fourth contract comes from the G.L.C. This is for £260,000 and covers advanced civil engineering works at Thamesmead where Balfour Beatty is already building a £700,000 pumping station for the same organisation.

## Housing for airport workers

GATWICK AIRPORT Housing Association has begun development of a housing scheme at Wimblesbury Park, Horsham, Sussex, on land purchased from Laing Homes.

The £2.2m. contract has been awarded to John Laing Construction and work will start next week.

The scheme managed by Deelen Kelly Associates, will house key workers from the Association's waiting list. Finance is being provided by Horsham District Council which in return is to be offered nomination rights to half the 240 dwellings.

Grouped together in short mixed terraces, the dwellings will be of one or two storeys. They have been designed by Quantic Associates with L. C. Wakeman and Partners as quantity surveyors.

## Survey of plant hire

OF THE 333 British plant hire companies examined in a financial survey by Jordan Dataquest only 45 show a loss in their latest accounts. Overall impression is that the industry is reasonably resistant, despite the recession.

The companies reviewed included 128 private companies and nine quoted companies. Data extracted from each company's accounts for the past two years includes sales, exports, pre-tax profits, employees, wagebill, net fixed assets, current assets, current liabilities, bank borrowings and ownership categories.

Jordan says that the survey should be useful to management seeking to measure corporate performance, find acquisitions and generally keep informed on the industry.

Copies, at £28, from Jordan Dataquest, 47 Brunswick Place, London N1 6SE (01-253 3030).

## £4m. palm oil mills in Nigeria

TWO PALM oil mills are to be constructed, on the Ibae and Kwa Falls Estates for the Cross River State in Nigeria at a cost of £4m.

The contract will be carried out by Vandekerkhove N.V. of Roosendaal, Belgium, a company in which Sime Darby has a 40 per cent. interest.

On the Ibae Estate, the mill will use river water and a special treatment plant will be installed so that unpolluted water may be returned to the river.

The Ibae mill will have an initial capacity of 12 tons of fresh fruit bunches an hour to be extended later to 24 tons an hour. The Kwa Falls mill will have an initial capacity of six tons an hour to be extended later to 12 tons an hour. By installing parallel lines production capacity can be doubled at both mills.

## Reclaiming the land

A. F. BUDGE (Contractors) has been awarded a £2.28m. contract for stage three, phase two of the Peterborough Land Reclamation Scheme by the Central Electricity Generating Board, Midlands Region.

The site is part of the worked-out clay pits in the Fletton area which the CEGB is converting into settling ponds for the pulverised fuel ash produced by the coal-fired power stations in the East Midlands. Budge will be required to move over 4m. cubic metres of material to form embankments and pits. The embankments will be 100 metres wide at the base and up to 20 metres deep. In general, the bottom two-thirds of the embankment will be formed from Oxford Clay already on site and the top third will include calow — the overburden rejected by the brick works.

This contract is part of a

## Resurfacing slurry seal

FORMULATED by Lion Emulsions, a thixotropic, low water content, bitumen emulsion slurry containing aggregate, pigments and an adhesive agent, has been developed for resurfacing footpaths, car parks, playgrounds, etc.

Leopave can be applied with a squeegee by unskilled labour. On a smooth substrate only a thin film is required, giving a coverage of 1 kg./sq.m. As a full bodied slurry it is applied at 4 kg./sq.m. Final finish is achieved with a wetted broom, and no tack coat is required.

The surface to be treated should be clean and free from loose material. Setting time depends on the evaporation of a small quantity of water and the surface should be protected during the initial setting period. On a good drying day, initial set will take about an hour. Standard colours are red, green and black.

The makers say three unskilled men can seal 400 sq.m./day at a material cost of 23p per sq.m. Details from Lion Emulsions at St Nicholas Street, Hereford, HR4 0BS (0432 55401).

## Tarmac gets £3½m. Oman contract

SERVICES FOR the Oman culverts and road works. A considerable amount of rock blasting will have to be carried out to make cuttings along 2 km of road and rock will also have to be dealt with in 12 km of trenches which will have to be dug to depths of 3 metres. The contract is due for completion in April, 1978.

Water distribution and sewerage systems are called for as well as electricity substations and distribution services.

## £5m. road in Nigeria

THE GOVERNMENT of Bauchi state, Nigeria, has awarded a contract for the construction of a road between Magama and Guman to George Wimpey and Company (Nigeria).

This contract is worth about £5m. and covers construction of 25 km. of 7.3 metre carriageway road, with 2.35 metre hard shoulders.

The road, designed by Ove Arup and Partners (Nigeria) in conjunction with the State Ministry of Works and Surveys includes two bridges over major rivers is due for completion in 18 months.

Back in the U.K. Wimpey has won a £1.4m. contract from the London Borough of Bexley for the construction of 100 dwellings in Maze Road, Cranford, Kent. This includes roads, sewers and external works. Work is about to start and is due for completion in November, 1978.

## Big water supply project

THE KADUNA State Water Board of the Federal Republic of Nigeria has appointed Jig Consulting Engineers (Nigeria) to prepare a water supply master plan for the State.

The plan is to cover the entire state of Kaduna with the exception of Kaduna City and a relatively small part of the north-eastern part of the state. It embraces an area measuring 500 km north to south, and 300 km east to west, and is aimed at providing the supply of drinking water for the entire population.

## Big services contract

CROWN HOUSE Engineering is to install electrical and mechanical services at the Al Ghurair Centre, Dubai.

The services to be installed at a cost of \$34m. include full air conditioning, ventilation, water and sanitation; electrical power and lighting; sprinkler fire protection and a central alarm surveillance system.

Details on this page on May 2, G and T Construction, a Dubai-based company, in which Tarmac International has an interest, is the main contractor.

## Elevator for the builder

CAPABLE OF handling materials to a maximum height of 27 feet, a mobile conveyor has been developed for the building and construction industries.

Readily adjusted for height from a minimum of 4 foot and in operation within minutes, the elevator can lift over 2,000 bricks or tiles an hour. Pipes, timber, window frames and larger assemblies can be also lifted.

Details from Lion Emulsions at St Nicholas Street, Hereford, HR4 0BS (0432 55401). Powered by a Lister 4T11 Black Isle.

**GK TorBar**  
IT WELDS WELL without loss of tensile strength.

GKN (South Wales) Castings Works, Cardiff. Tel: 0222-33033. Telex: 4522

Marketing in the U.K. by Reardon Plant, Lord Street, Chorley, Lancs. (02573 3831)

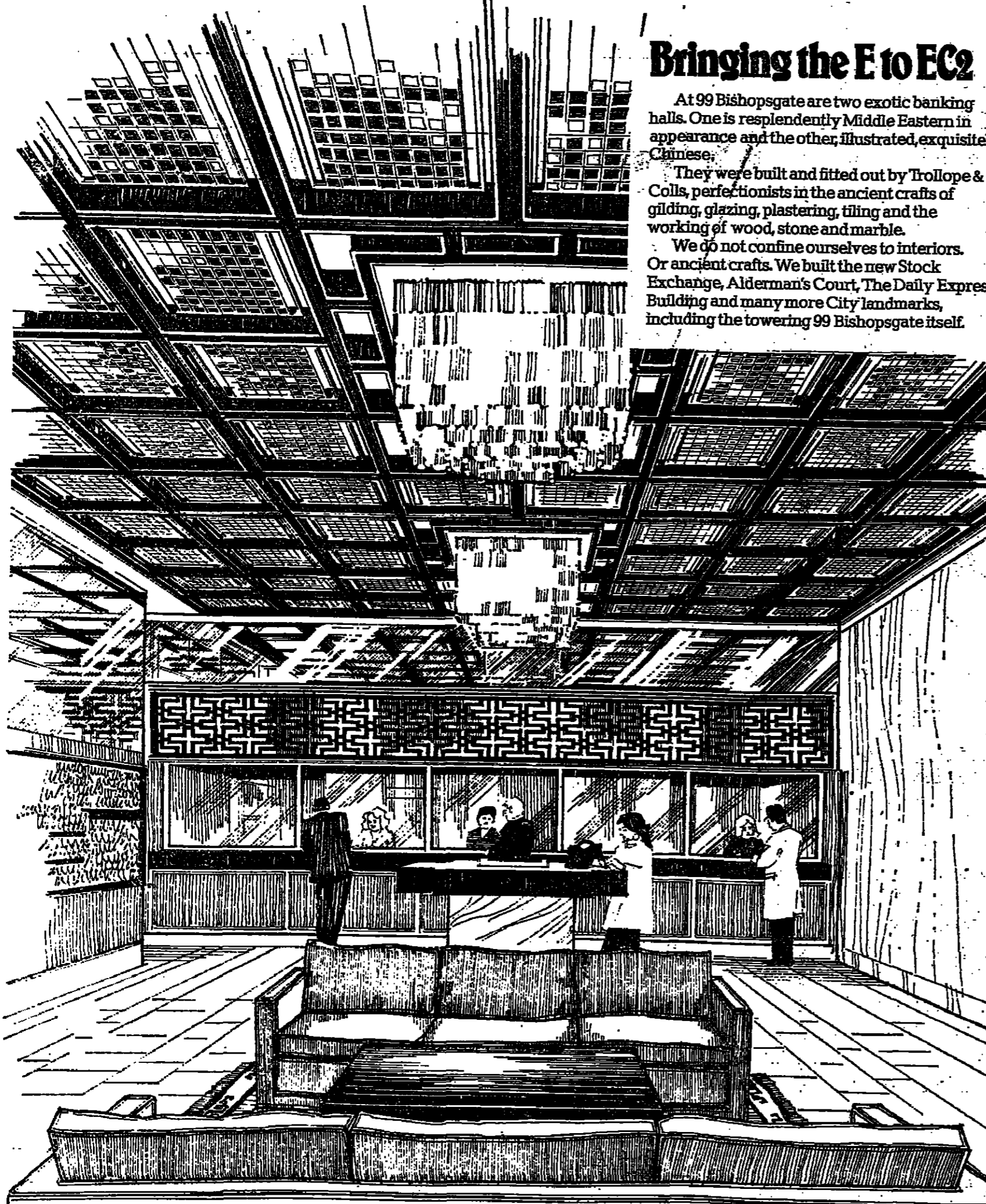
## Taking the weight

AN ORDER for the supply of 450 floating piston bearings, 230 rubber laminated bearings for the Cromarty Flycatcher bridge has been secured by the bridge division in Barton. Treat which specialises in the design and manufacture of bridge components.

The bridge, which was commissioned by the Scottish Development Department, has 68 spans and will carry the A9 trunk road over the Cromarty Firth and on to Hereford, HR4 0BS (0432 55401).

## IN BRIEF

- London Borough of Lewisham has awarded a contract worth over £1m. to Y. J. Lovell (London) for housing at Silverdale Road, London, SE28.
- Davies, Middleton and Davies, a member of the J. Cartwright Group, has been awarded two contracts worth about £180,000. The larger is from Shoreham Port Authority for the design and construction of a sheet piling quay wall. At Iron Acton, Avon, for the CEGB the company is to construct retaining concrete foundations and erect precast structures in a substation.
- O. C. Summers has won contracts worth £31m. from the British Gas Corporation for the maintenance of pipelines in the North Thames Region and for laying mains in the South Eastern Region.
- Reorganisation of the marketing activities of Thames Plywood Manufacturers has led to the formation of a wholly-owned subsidiary company to sell architectural specification products to the building industry. Called Overseas Containers and its sister company, Associated Con-
- tinuer Transportation (Australia) has awarded a contract worth £495,000. In addition it will sell a limited range of other products. The company is seeking marketing and distribution arrangements with manufacturers on a national basis. More on 01584 5811.
- Several contracts have been won by FPA Finnegans. They include two factories for the English Industrial Estates Corporation on the outskirts of Sheffield. One worth £280,000 from the British Legion for flats at Tideswell, Yorkshire, and another for the construction of a £100,000 extension to the Sheffield Children's Hospital. Total awarded two contracts worth over £500,000 by Frudum Assurance Company for refurbishment of Chronicle House, Fleet Street, London, E.C.4 and Bishop's House, High Holborn, London.
- The last caisson for the Dundee dock being built by J. Costain-Taylor Woodrow Jo Venture-Taylor £150m. contract has been stiffened 22 weeks ahead of schedule and is now position.



## Bringing the E to EC2

At 99 Bishopsgate are two exotic banking halls. One is resplendently Middle Eastern in appearance and the other, illustrated, exquisitely Chinese.

They were built and fitted out by Trollope & Colls, perfectionists in the ancient crafts of gilding, glazing, plastering, tiling and the working of wood, stone and marble.

We do not confine ourselves to interiors. Or ancient crafts. We built the new Stock Exchange, Alderman's Court, The Daily Express Building and many more City landmarks, including the towering 99 Bishopsgate itself.

**TROLLOPE & COLLS**  
Trocoll House, 25 Christopher Street, London EC2  
Tel: 01-247 7666.

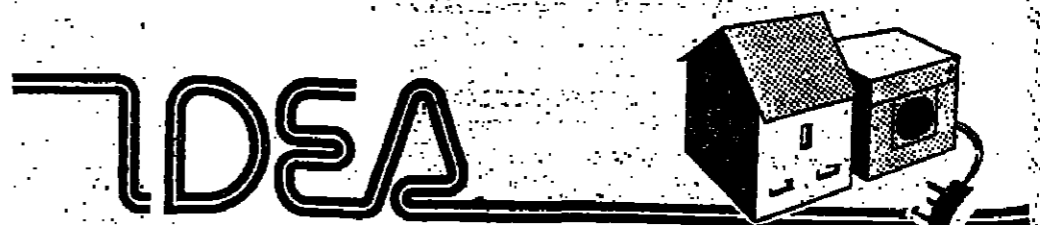
## Good morning buyers

Britain's biggest exhibition of domestic electrical appliances welcomes you

From today and until Friday the National Exhibition Centre, Birmingham, hosts IDEA — the annual International Domestic Electrical Appliances Trade Fair — the major UK showcase for British and foreign made products.

184 manufacturers and importers are showing the latest in fridges, freezers, ovens, cookers, food mixers, washing machines, dryers, floor care appliances, dishwashers, heating appliances, beauty care products and electrical components.

If you are in the market for buying or supplying for the home market or abroad, you should be in Birmingham this week.



The International Domestic Electrical Appliances Trade Fair  
National Exhibition Centre Birmingham  
22-27 May  
Open 09.30 - 18.00 hrs daily Admission Free

Sponsored by AMDEA — the Association of Manufacturers of Domestic Electrical Appliances.  
Organised by Monbuild Ltd, 11 Manchester Square, London W1M 5AB. Tel: 01-486 1951.

**The Management**  
Don't  
pol. yo

**We're position you business**

1/2/77

# The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

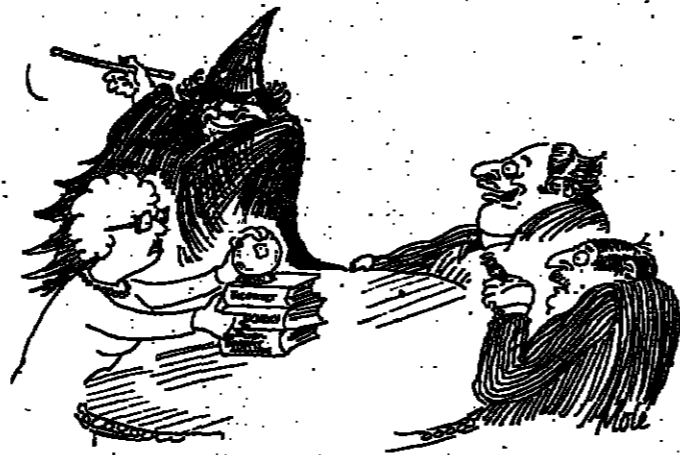
MANAGEMENT TECHNIQUES

BY MICHAEL DIXON

## Don't let your apprentice fool you with sorcery

SED FURTIVELY to a company, a management school professor was con- sidered by the entire Board and by the chairman how he could start a course in new management tech- niques. The academic said a course for middle man- agers could be set up almost immediately, but if more senior managers were involved he would want a longer term. There was an awkward pause before the chairman said: "You mistake me. The course would be solely for us. We would not want our subordinates to have skills beyond their responsibilities."

On the professor told me in an event soon after it took place in the 1960s, he cited a prime example of the satirically selfish attitude of "old men" of British less towards enlightened managerial practices. The professor plainly viewed new techniques as a kind of sorcery which they could defend with comfortable supremacy. It was more capable than the older men and outside. He said that the Board's sub- jective moral. Enlightenment only should, but would, all.



"he says, he's our new operational researcher?"

### Old guard

he moral is holding good. Mathematical devices for- mally the normal managerial cess of choosing between erent courses of action seem to be more and more regarded science, rather than sorcery. The old guard may not under- stand them—not even the rela- tively simple discounted cash calculations, let alone the calculations of cost-benefit analysis and operational re- search. But they are coming to see their validity when ap- peared by the new men.

The key question is whether a largely uncomprehending epitaph of the conclusions reached by sophisticated tech- niques results in general en- lightenment. After all, the re- sults could equally well be true. While the techniques can re- veal the choice between dif- ferent capital-investment pro- jects and suchlike, there is grow- ing complaint among the old guard that the way they are usually used is often no less flopping and feeble than the attitude of the falling directors. Indeed, George Stern of International Com- mercial Research Quarterly suggested in the debate on the peculiar merits of mathematical complexities and obscure techniques of appraisal which as cost-benefit analysis and the various glosses these were widely applied by mana- gers for the main purpose of asserting their own way by blind-

This evidently reflects an acceptance that the making of decisions by managers is a political process in that it consists to an important degree of a number of people reaching agreement that they want to do something. And the grounds on which the agreement is reached are not always rational, let alone economic.

In smaller companies, the people who agree what they want to do usually, also have the power to approve that it shall be done. In larger concerns, however, the people who reach the agreement are usually re- quired to have it approved else- where. It is in this case that the techniques come into their own.

By choosing their starting figures cunningly, the parties to the agreement can proceed by mathematical wizardry to put a highly favourable gloss on the course of action they prefer, and effectively face the higher authorities with the option of either approving the "evidence," or of unravelling it. Another attraction, the sceptics add, is the attendant creation of a lot of much-revered—if not neces- sarily economic—work for highly trained and paid mathe- matical conjurers.

But the devious practice of SOSIPing is not confined to mathematical battles between the management factions at departmental, divisional and headquarters level in large companies. The sceptics are now also complaining of its increas- ing application to governmental decisions affecting millions of people.

In the same Operational Research Quarterly, Francisco Sagasti of the International Development Research Centre in Peru, complained about the debilitating results of mislead- ing pseudo-scientific manage- ment in the policy planning of underdeveloped countries. Civil servants and sometimes politicians, he suggested, could find advantage in escaping from the responsibility of making a value-judgment on some policy proposal, by diverting the debate to the peculiar merits of obscure techniques of appraisal on the different choices of action. "When decisions have to be

made on sensitive problems," he declared, "government officials often tend to obscure them through the use of complex operational research and management-science techniques, which hide the basic issues at hand and tend to support the status quo based on piecemeal decisions already made by the bureaucracy."

The relevance of this warning to Britain is evident in George Stern's example of the cost-benefit analyses produced for the Ministry of Transport's Archway Road in north London, and for the Roskill Report on the siting of a third London airport.

The Archway analysis repre- sents the road-widening as the cheapest course available, he said, but only because of ques- tionable and hidden assump- tions, which, among other things, disproportionately valued the interests of people travelling through the area in cars.

### Arbitrary

The Roskill analysis, he implied, was perhaps less tendentious but more confusing, in that it purported to put money values not only on the costs of building and suchlike, but also on noise and residential conditions in the different localities. The 20 different cost factors divined by this largely arbitrary exercise were then further clouded, before being offered to the judgment of the lay public, by expressing them in terms of the extent to which they deviated from the appropriate figure for the cheapest site. "This is misleading as apparently large deviations are often a tiny fraction of the absolute figure," George Stern said.

The main issues of the choice would have been clearer—and the £1.1m. cost of the Roskill Commission lower—had simpler methods been used. These would have evaluated factors such as noise—in which cannot be reliably reckoned in terms of money—on a straightforward

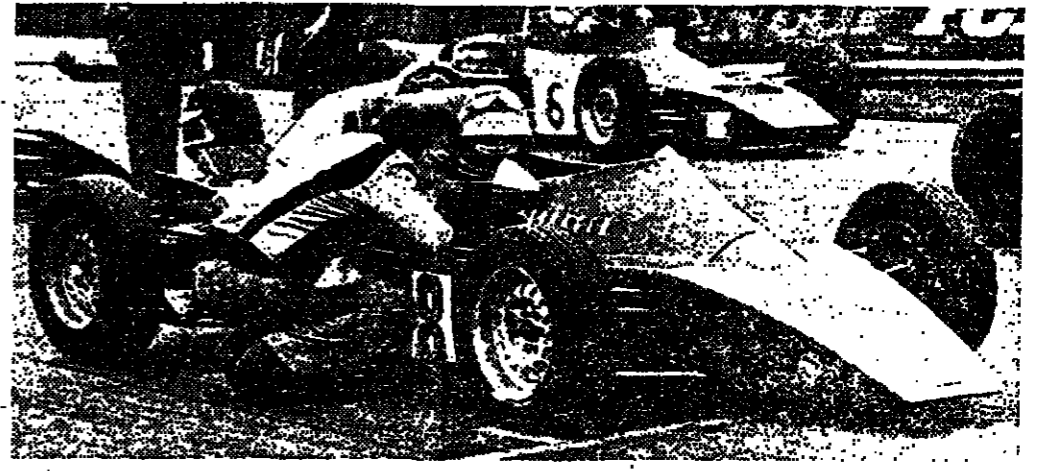
### ODE TO LITERACY

We're surprised there wasn't more clamour. Over last week's spelling of grammar. Were you loath to attack? Or is it a fact? That your spelling's in need of a crammer?

## Racing out of redundancy

BY SUE CAMERON

TWO MEN who first met while on a Government course for redundant executives have now set up a formulae racing car business that is expected to earn £70,000 in export sales by the end of its first year of trading.



The two are Alan Weller, aged 42, and Brian Hampshair, 38, who both found themselves jobless in the autumn of 1975. Mr. Weller had worked in the telecommunications industry for 17 years while Mr. Hampshair had been the production manager of a small racing car manufacturing company. The idea of starting afresh with a formula car company of their own came from Mr. Hampshair.

### Liquidity

The money came from Mr. Weller who had some cash in hand after selling his 14-room house in Scotland and moving to a semi-detached in the South. The move had been made at the behest of his former employer—just before its liquidity problems had forced it to make Mr. Weller redundant.

Mr. Hampshair and Mr. Weller tried to increase their start-up capital by borrowing but found it impossible. The two are now bitingly critical of the way that some financial institu- tions refuse to support small, entrepreneurial ventures.

They say that one government body did offer to help them on a pound for pound basis but only if it could see examples of the hardware they were plan-

ning to produce. The pair ferret formula. Normally a racing driver who wants to move their capital on plant so that they could provide the required hardware. The institution was impressed but it said that assets did not count. It would only match cash for cash and do this time Hampshair and Weller had no cash to put up.

They therefore decided to manage on what they had and started their company in a 200 square foot corner of someone else's workshop in July, last year. They called the company Saracen Engineering and the Formula Ford car that they developed during the winter months is also called a Saracen.

The prototype was designed with the help of Mr. Hampshair's brother, Peter, an experienced racing car designer.

A significant feature of the Saracen range of cars is that they can be converted to a dif-

To date the company has built and sold six cars and it is using the money from sales to gener- ate working capital. Full-scale production started only in January when an advertisement in a U.S. motor racing paper led to inquiries from an American dealer who has now been appointed as the Saracen distributor in the U.S. The first Saracen car to go to America won first prize at a motor racing show in Seattle.

Saracen Engineering has also appointed a Swiss distributor to cover Austria, Italy and West Germany as well as Switzerland itself. Mr. Weller and Mr. Hampshair have now moved to larger premises at Wrotham Hill, in Kent, and they are planning to develop larger cars and to develop a team car of their own. They are hoping they will be able to find a sponsor for a team car.

## Versatile virtues of a company manual

ANY ORGANISATION that employs more than a handful of people needs some form of company manual, according to a booklet on manuals that has just been published by the British Institute of Management.

The booklet, called Preparing an Organisation Manual, says a company probably requires a manual if it finds that staff complain that they do not know what is going on or that they receive too many written and

verbal instructions. If systems fall down when key people are absent, if each department "does its own thing in its own way with almost complete disregard for the rest of the organisation," or if staff misuse their authority or try to create a mystique about their own jobs, it adds, then a manual will prove invaluable to the smooth running of the concern. Some of the benefits which can result from the use of manuals are listed in the book-

These include the defining of policies—sometimes for the first time—and the reviewing and restating of objectives for all levels and functions, a reduction in errors caused by poor communications, financial sav- ings and the chance to evaluate the booklet points out that a company which decides to compile a manual will be forced to ask itself some pertinent questions about current proce- dures. "Its compilation is almost bound to throw up duplicated or unnecessary tasks and overlapp- ing responsibilities," and the "opportunity to tidy up systems and procedures may well turn out to more than justify the cost of preparing a manual."

Preparing An Organisation Manual: by J. C. Morrell; British Institute of Management Publications Department, Management House, Parker Street, London WC2B 5PT; £4.85 (in- cluding postage).

# Why the Post Room should be on the agenda of your next Board Meeting.

Chances are your post room jogs gently along. It doesn't bother the Board; the Board doesn't bother it. Chances are, also, that this cosy state of affairs is costing you unnecessary money, time and effort. Here are some questions you might raise.

- Seven pointed questions:**
1. Are your staff doing work the Post Office would willingly do for you?
  2. Are you paying agents to do what the Post Office would help you to do for nothing?
  3. Could you cut down on transport?
  4. Is your post room as efficiently organised and equipped as it could be?
  5. Could the post room play a more effective part in your marketing operation—at home and abroad?
  6. Do you pay more postage than necessary?

The information that follows may suggest thought-provoking possibilities. There is also a film entitled "The great mail room mystery" which is available on loan.

**Wrap up the parcel problem**  
You already know, of course, that we deliver regularly and swiftly to any address in the country. But we offer many special facilities for the businessman. For example: More than 2,500 firms post over 80 million parcels a year under individually negotiated contracts.

Perhaps your parcel deliveries are local rather than nationwide. Then we can probably offer next-day delivery for less than the cost of running your own vans. And you'll find us flexible on dimensions and packaging requirements.

**Door-to-door security**  
Datapost and Datapost 'D' are for people who need secure, courier-style, overnight delivery of urgent packages of any kind. International Datapost (for the conveyance of urgent business papers or documents) operates to major business centres in USA, Brazil, Netherlands, Belgium, France, Australia, Japan and Hong Kong.

**Speed your exports**  
No matter how involved you are in exporting, the Post Office has a service to help speed your business. From air mail letters for your initial contacts right through to air parcels for despatching the goods and contracts for printed paper in bulk.

**Stimulating Sales**  
Direct mail, or advertising through the post, is flexible, selective and personal. It works quickly and results can be accurately measured. It stimulates response—particularly if you use the Business Reply or Freepost services. And we help by giving a rebate on bulk mailings. Rebate can be as much as 30%!

If you'd like to know more about direct mail, we have available a film, "What the others can't do," and an interesting series of free booklets. Tick the coupon to order

**The one who finds the answers**  
Your local Postal Service Representative can give you advice on any postal service, including those mentioned above. The PSR will also tell you about special courses run by the Post Office for post room staff. Your PSR will help you to use the Postal Services in the most cost-effective way.

Send the coupon below to: Jackie Willbourne, FREEPOST, Room 434, Postal Headquarters, St. Martins-le-Grand, LONDON EC1B 4HQ. Remember—No stamp needed.

Please ask my Postal Service Representative to make an appointment.

Booklets. Please send me:

- Post room consultation
- The Royal Mail parcel service—simply the best
- A quick guide to Overseas Postal Services
- Datapost
- Direct Mail

Information please:

Films. I am interested in borrowing your films for business. Please send me details.

NAME

POSITION

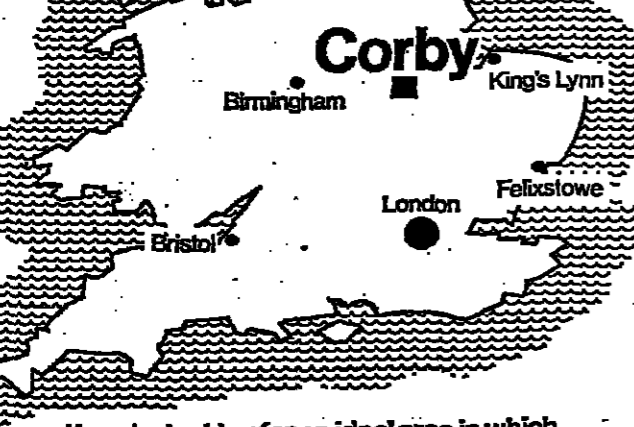
COMPANY

ADDRESS

POSTCODE

TEL.

**We're in a position to help your business grow.**



If you're looking for an ideal area in which to re-locate or expand your business, take a look at Corby.

We're close to the industrial centre of Britain. We're within easy reach of the East Coast ports, London and Birmingham.

The town is conveniently situated between major road and rail systems.

We've well sited and fully equipped factories ready for immediate occupation at keenly competitive rents.

Or we'll work with you through our design and build service.

There's both skilled and unskilled labour available.

What's more, Corby is a mature as well as a modern town. So housing, schools, shops, public services and leisure activities are all established.

And of course we've the experience and ability to offer a great deal of help and advice.

So why not write for further information to K.R.C. Jenkin, F.R.I.C.S., Chief Estates Officer, Corby Development Corporation, 9 Queen's Square, Corby, Northants, NN17 1PA. Phone: Corby (05366) 3535.

Whichever way you look at it, we're well placed to help you.

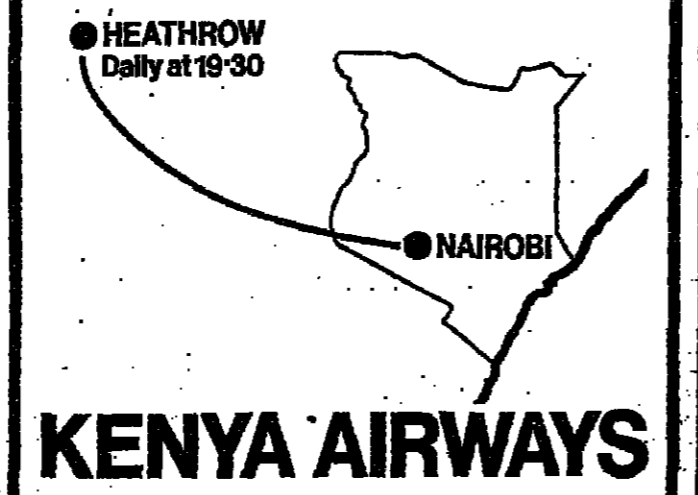
## 'Kenya Airways announce the departure of their daily flight to Nairobi'

Fly to Kenya the Kenyan way! Flights leave London every day at 19.30 eff. May 1st. From July 1st to Sept. 30th there is an additional flight on Sundays.

Destinations beyond Nairobi include the fast-growing holiday spots of Mauritius and the Seychelles.

As a member of IATA, Kenya Airways offer you all the standards of service and protection you associate with any large airline.

For information, reservations, etc. contact your travel agent or: Kenya Airways, 13 New Burlington St., London W.1. Phone 01-734 3885 or 01-437 8183.



**KENYA AIRWAYS**

THE FINANCIAL TIMES

Incorporating THE FINANCIAL NEWS
Head Office Editorial & Advertisement Offices: BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

CREDIT SUISSE

THE Chiasso banking scandal, which has already caused the resignations of two top executives at Credit Suisse, has far-reaching political and diplomatic consequences.

ITS POSITION as a financial centre has brought Switzerland not only advantages but also occasional difficulties and will do so again in the future.

It is that funds invested by the Chiasso branch of Credit Suisse on behalf of some 1,000 clients—fiduciary funds in Swiss banking jargon—were fed to a Liechtenstein holding company, Texon-Finanzanstalt.

The Chiasso branch, without the knowledge of head office, granted guarantees totalling some Sw.Frs.1.5bn. (£230m.) of which Sw.Frs.350m. (£50m.) covered Italian bank credits to Texon affiliates and the remainder was given on the fiduciary accounts themselves.

Wide repercussions of the Crédit Suisse scandal

BY JOHN WICKS in Zurich

meeting in order "to bear his share of the responsibility." Ripples have spread outside the bank's Boardroom. Credit Suisse's new chairman, Dr. Oswald Aepli, this month withdrew his nomination for the traditional seat held by the bank on the Boards of Sulzer Brothers and Ciba-Geigy, two of Switzerland's biggest industrial concerns.

The head office of Credit Suisse looked into relations between the Chiasso branch and Texon in 1969—it had known of a business connection with the Vaduz company since 1963—after a fiscal inspection had shown taxes due on guarantees granted for funds forwarded to Texon by the branch.

The personal repercussions have been the most immediate. First, the public prosecutor's department of Canton Ticino, the legal body responsible for the Chiasso region, arrested three members of the Chiasso branch management already suspended by Credit Suisse.

It remains to be seen whether there will be any further personal repercussions. The investigations of the Lugano-based public prosecutor extend to head office, while the Banking Commission in Bern, referring to a hitherto largely neglected clause in the banking law has stated that it is examining whether "persons entrusted with the administration and management at Credit Suisse headquarters" satisfy the requirement of the banking law to "assure the proper conduct of business operation."

At the same time, an old idea which until now has never seemed topical has been revived with every change of realisation. This is the creation by the National Bank and the Banking Commission of an official "fire-brigade" auditing team for use in emergencies.

internal auditors from management. The National Bank, which was working towards what it calls a "de-mystification" of Swiss banking long before the Chiasso business came up, is interested in the same questions as the Commission—and in others. Should fiduciary accounts, in Switzerland not part of bank balances, be published, Bank President Dr. Fritz Leutwiler wondered aloud at a Press conference in late April.

There has been a flurry of political activity in the wake of Chiasso, the most dramatic development being plans by the Social Democratic Party to launch a national referendum motion proposing "mixed-economy" banks.

Political repercussions also came rather unexpectedly, in the Liechtenstein Parliament. The Principality's politicians held a very atypical debate in the Vaduz "Landtag". Opposition chief Herbert Kündle—who is, significantly, also the main spokesman of real local industry (as opposed to the more ephemeral, letter-box sector of the economy)—put the hitherto heretical question whether holding company law should not be revised.

Chiasso has led to a real clouding-over of relations between Switzerland and Liechtenstein. Dr. Leutwiler has now indicated that the Swiss Government will call for revision of serious corporate and fiscal law in Liechtenstein and more effective independence of foreign-exchange control.

So although supply of Swiss financial and banking service will probably remain large intact, at least for "serious" foreign demand, it will hardly keep on growing.

For their part, the Liechtensteiners are annoyed at what they see to be Swiss misuse of their holding-company law. Perhaps the most significant conclusion to be drawn from the Chiasso case, however, is a positive one. Swiss big banks do seem to be indestructible. Dr. Leutwiler said frankly the month "nothing can be allowed to happen which might jeopardise the existence of a Swiss bank" and put his money where his mouth was by means of National Bank participation in the Sw.Frs.50m. standby credit offer to Credit Suisse, which was also backed by Swiss Bank Corp and Union Bank of Switzerland.

However, had the scandal finally turns out to be, one thing is already clear: the authorities and the banks themselves are going to be very careful not as Dr. Leutwiler puts it—tip out the baby with the bath water. The National Bank keen to point out that it has long warned of dangers resulting from too rapid a growth of the Swiss financial centre at a time that has taken the Chiasso affair for these warnings to be heeded. But, to use another of Dr. Leutwiler's metaphors, the National Bank does not want "beat up" the commercial banking sector. The powers-that-be know full well just how important international finance is to the Swiss economy and would be the last to try to sabotage the banks' ability to attract foreign business.

But if the Government and National Bank do not want an actual scaling-down of the financial centre, they do want deceleration in its growth. In fact, not very much is needed to bring this about on a more or less permanent basis. Although there appears to have been very little loss of custom on the part of Credit Suisse and other Swiss banks as a result of the sharp blow to its reputation, the country banking sector, various factors combine to slow down its further expansion.

So although supply of Swiss financial and banking service will probably remain large intact, at least for "serious" foreign demand, it will hardly keep on growing.

Realities of exporting

AT A TIME when British Leyland urgently needs to rebuild morale among its own employees and among its dealers and customers, it has become embroiled in a new controversy over the methods used to secure certain overseas contracts.

In this atmosphere of moral indignation it is easy to lose sight of the realities which govern the way exporters conduct their affairs. In many parts of the world the securing of contracts involves payments in middlemen and assorted "fixers" who are in a position to influence, directly or indirectly, the placing of the order.

Most Western businessmen find this system morally distasteful, but if they wish to participate in the markets concerned—which may represent a large proportion of their potential export sales—they have to follow the local customs.

No doubt there has been a tendency for middlemen to be land-locked; some companies have made payments of a size and character which were unacceptable even by local standards.

Britain goes back in the dock

ONCE AGAIN the British Government is in direct conflict with the rest of the European Community over an agricultural question—this time over pig subsidies. The European Court gave an interim judgment on Saturday that the special subsidy paid to British pig farmers since last January should cease forthwith. The judgment was not unexpected, and cannot have been unexpected even by the British Agriculture Minister, Mr. John Silkin.

The charitable explanation of such behaviour is that it is simply another instance of lack of co-ordination between Government departments—of the Foreign and Commonwealth Office not knowing what the Ministry of Agriculture is doing. That, after all, has happened before. Yet the more likely explanation by now is that the Government as a whole knows precisely what it is doing and any objections from the Foreign Office have been overruled, as squashed. It has decided, in short, to blame the Community for the increase in food prices.

That is a dangerous game to play for two reasons. One is that it is no way to secure the reform of the common agricultural policy and is, in fact, more likely to harden the attitude of the rest of the Community against us. The other is that the Community is about other things as well as the price of butter or pigmeat. Yet a Community which constantly quarrels so acrimoniously over food prices is unlikely to make much progress elsewhere. That is why the British Government needs to proceed with some tact. It might even find its agricultural battles easier to win, if only it could show evidence of its belief in the Community as such.

MEN AND MATTERS

Excursion to Leeds Castle There was much ballyhoo from the Foreign Office last week about how the security precautions at the informal week-end gathering of EEC Foreign Ministers at Leeds Castle, near Maidstone, were among the tightest taken at any European Community meeting.

As their contribution to Britain's industrial re-generation the nation's brewers, working closely with the National Economic Development Office, have just come out with a plan which sets substantial investment targets, projects a doubling of beer exports over the next five years and aims at raising efficiency in the distribution system.

It all sounds very impressive, but who is going to monitor progress? None other, it turns out, than the Brewers Society which, as Derrick Holden-Brown, chairman of the brewing sector working party pointed out, includes all British brewing companies—bar one? Intrigued we made further investigations. The odd brewer turns out to be Burt and Co., which owns the Ventnor Brewery on the Isle of Wight, has 12 pubs, a couple of off-licences, makes "real ale" and employs 12 people. It is run by Phillips brothers whose grandfather bought the brewery in 1907 and "is doing very nicely" according to John Phillips.

is alive and well, and has been temporarily "residing in Ulster. For if now transpires that British troops, while waiting on standby outside Belfast for the call to man the power stations and maintain essential services, used their time and skills on a project which Drake would have thoroughly approved.

While the strike's prospects remained uncertain the authorities were concerned that the MACM force should not be publicised, for fear of sparking resentment. The military technicians were many of them quietly billeted in Palace Barracks, in the Belfast suburb of Holywood, where they occupied themselves by constructing a nine-hole putting green near the officers' mess. The engineering wizards went to work overhauling the resident battalion's lawnmowers while some unspecified specialists erected a bell next to the putting green to summon the mess stewards.

Drake in Ulster. The spirit of Sir Francis Drake. At last. What did the dragon say as St. George drew his sword? "Mother said there would be knights like this."

Advertisement for Nautilus Patek Philippe watches. Features an image of a watch and text: 'ONE OF THE WORLD'S COSTLIEST WATCHES IS MADE OF STEEL'. Includes details about the watch's construction and price.

Handwritten scribble at the bottom of the page.

July 1975

# FINANCIAL TIMES SURVEY

Monday May 23 1977

# Finance for smaller companies

**entrepreneur.** *āntr'prənör* One who undertakes an enterprise; one who owns and manages a business, a person who takes the risk of profit or loss.

See OXFORD ENGLISH DICTIONARY. Kind permission Oxford University Press.

## To us, it's not a dirty word.

The fact is, Britain's smaller businesses produce 30% of the Gross Domestic Product.

And employ over 6 million people.

If you run one of those businesses, we at ICFC take our hat off to you.

In the right circumstances, we could do more.

We could provide you with

between £5,000 and £2 million.

At fixed interest for a fixed period of 7 to 20 years.

So you could install new plant or extend your factory. Finance sales at home or abroad. Prepare for CTT or increase your share capital base.

We could also provide you with some practical advice.

But only if you asked for it.

Among other things, the past 30 years have taught us the wisdom of minding our business and letting an entrepreneur mind his.

### ICFC

Long-term money for Britain's smaller businesses.

# FINANCE FOR SMALLER COMPANIES II

Ever since some decades ago the MacMillan "gap" identified areas of corporate finance where the smaller company seemed to lose out, there has been continuing debate about the problem. Nowadays there are many more governmental and private sources seeking to close that gap, but bridging seems by no means complete.

## Widening range of facilities

IT IS IRONIC that following a period of recession when the death rate among smaller companies has been higher than the birth rate that there should be probably more financial facilities available to this section of the business community than there were several years ago. There is probably no one answer for this situation, but of course a major factor may well be that any financial institution has to make money out of lending money and if it finds there are no takers for one form of cash, may decide that perhaps there will be if it puts it together in a different package.

There have been a number of announcements in the past two or three years of yet another financial organisation or package being set up to "fill the gap" in facilities available to the smaller company. But one does not have to go far to find a small company or somebody with a "great idea" needing financial backing who will be only too ready to moan about how impossible it is to get the money he needs.

The reality of the situation is that there are now probably plenty of organisations available to provide small companies with money. There remains, however, a gap in communications between those financial organisations and their potential customers and there will always be another element—the inability of an individual to agree with his bank or other financing organisation over what are fair terms for finance.

### Awareness

One major advantage which smaller companies have going for them now is a much greater awareness of the importance of their role. It was not so very long ago that the "big is beautiful" philosophy was in the ascendant, but a counter "small is beautiful" lobby has been registering successes, although it would be unfortunate

for the needs of smaller companies and while new types of financing or institution have indeed been emerging, there seems to be a widespread view among a cross-section of banks and other institutions that very little take-up of available finance has taken place for the last two years. The cost of money has for many been prohibitive and with a general retrenchment of trading activity working capital requirements have been cut back as far as possible, with de-stocking releasing money.

This may not be the case for much longer. One of two false dawns have been seen, but ICFC, some of the clearing banks and others such as the Charterhouse Group have noticed a definite upturn in inquiries among smaller companies for new finance in recent weeks.

### Prominent

It is too early to discern what sort of funds are needed, but extra working capital is likely to be among the more prominent demands. Another source which may well arise is as companies seek to expand their capital bases for a variety of reasons, not least to compensate for the effects of inflation. At the same time there have been one or two pointers suggesting that if not a resurgence then at least some movement may be seen in the number of start-ups of new projects.

For those seeking capital to get a company under way the most likely provider of cash will be one of the major clearing banks. Overdrafts are probably the most common form of cash with which to get under way, but comprise "seed" capital rather than "venture" capital. An overdraft for such purposes will normally be secured on some assets, such as the company-owner's house, which means that the bank's risk is very limited.

It is when the business has been modified in favour of the smaller company, an entirely new Small Firms Employment Subsidy has been introduced with a view to inducing small firms to create extra jobs; and grants are being offered to help pay for feasibility studies of possible forms of collaboration between small companies.

If advice is what small companies need, then two more advisory or counselling schemes have been added to the extensive range of advisory and advisory facilities already available to the small business. In the area of training facilities, the Training Services Agency has been asked to look into the question of management training for small businessmen and the self-employed.

All this may seem fine. But the trouble is that to most small businessmen all these schemes totally miss the point. They are regarded, at best, as tinkering and, at worst, as positively irrelevant. The basic problem was well put by Mr. Graham Barwick, the former research director of the Bolton Committee and now managing director of the Economists Advisory Group, in his recent comparative study of the small company sector in Britain and in West Germany. He concluded that the environment facing small businesses in this country was the most hostile among all advanced market economies.

This is no exaggeration. The sad truth is that small businesses in this country tend to be treated more harshly and to be afforded less Government assistance—or even consideration—than the big battalions. Most laws tend to be drawn up with, if anyone, the big companies in mind. This was seen most recently in the Employment Protection Act. It has also been evident in the administrative arrangements made for most of the industrial assistance schemes provided under section 8 of the Industry Act, 1972, has

got going and reached a point that requires some more solid capital, probably medium-term, that the company owner's problems may appear, since in attempting to get further money he will have to persuade the bank or whoever that the business itself is worth a loan. He may then approach an organisation such as ICFC, Gresham Lion, the National Research Development Corporation or the newly-created Equity Capital for Industry. Or, if there is a record of a few years' profitable trading with good potential ahead, others like Charterhouse, Gresham Trust or one of the merchant banks may come up with cash. Almost certainly they will want

not only an equity stake in exchange for their cash but also some say in management. The money will be medium-term, although in certain instances it could be long-term. But generally these financial institutions will be thinking of a five to seven-year investment before they realise a profit. Normally, as in the last bull market, they would expect to bring a company on till it went public, although their plans in that direction have taken a hard knock in the past few years.

It is an interesting thought so far as venture capital is concerned that while the number of organisations that provide it may be increasing (in theory it has been increasing) in the past few years, but whether all those

originally made (and still being practised) for Value Added Tax, or—to go back earlier still—in the Business Statistics Act. The same lack of regard is just as evident at local level—as is now being more widely recognised—most notably, perhaps, in a speech earlier this year by the Prime Minister. In this sector the main culprit has been the planning system and in particular the fashion for comprehensive re-development which has held such strong sway in the older urban areas.

allowed—or in some instances forced—to die in the first place. It is in the field of taxation, however, that governments seem to have been most oblivious—or at least inconsiderate—of the needs of the smaller business. David Howell, MP, one of the Conservative front-bench spokesmen on Treasury affairs, put the point rather well when he argued earlier this year that fiscal policies had been conceived in almost the reverse way to that which should have been adopted. "Instead of producing a full-blown new system of capital taxation and then running around in circles making 'concessions' for smaller businesses, the aim should have been to devise a system innately favourable to small business seeding and growth, and then to worry about the impact upon everybody else."

Mr. Howell was of course alluding to last year's changes in Capital Transfer Tax. Mr. Denis Healey, the Chancellor of the Exchequer, brought in a rule permitting a 30 per cent discount on the value of a business attracting Capital Transfer Tax where the transfer related to a sole proprietor's or partnership business or to a controlling unquoted shareholding in a company. In the case of agricultural land farmed by the full-time working farmer, the discount was set at 50 per cent. But these "concessions" were merely designed to make good some of the more damaging features of the original legislation. It would have been far better if the dangers had been avoided in the first place.

Capital Transfer Tax is, however, only one—albeit the most recent—instance where the tax system has been having a penal effect upon the smaller business. VAT is widely regarded as one of the bêtes noires of the smaller businessman but it is the paperwork involved in this particular tax rather than its fiscal incidence which attracts criticism. The main fiscal culprit has

been the "shortfall" provision of Corporation Tax. These provisions may have been motivated by the desire to ensure equity in a fiscal system designed to extract a very high rate of tax revenue from personal incomes. But they have also had the effect of making it virtually impossible for many small businesses to plough back sufficient funds for expansion. Then, as if that were not enough, the authorities have appeared in the past year or two to be pursuing what some people have described as a "vendetta" against the self-employed—for example, in the changes that have been made in the incidence of national insurance contributions and in the unperceptive and elephantine way in which the problem of the self-employed building contractor has been tackled.

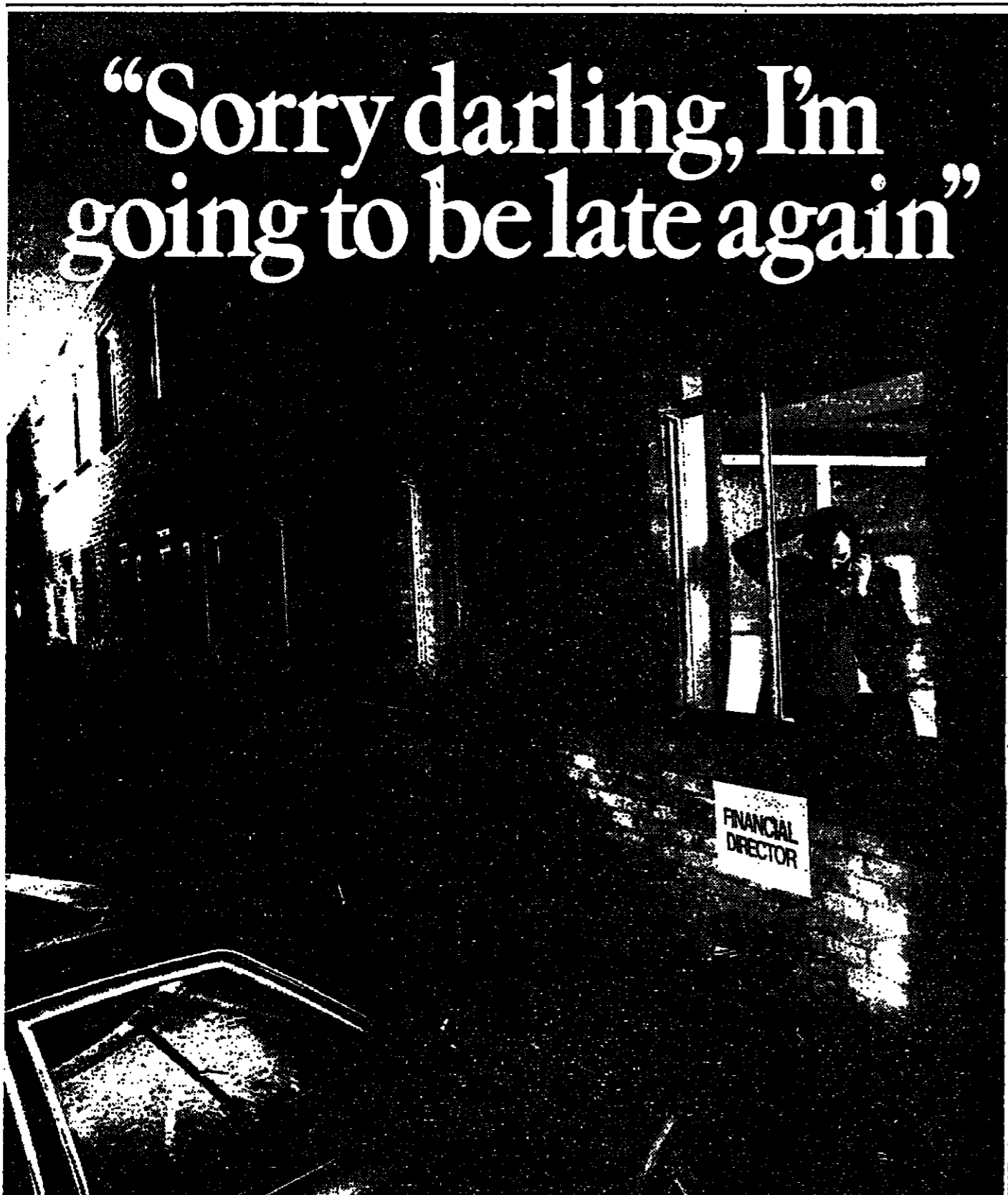
Radically It is hardly surprising, therefore, given the additional problems that bankruptcies and liquidations among small businesses have been rising more or less constantly ever since 1974. On day perhaps the attitude to the small business sector in this country may radically change and the long-term downward trend in the number and importance of small firms arrested as it has been arrested for some time in many other countries. But it will require not just tinkering, with government bringing out, say, a new advisory service for small net working companies or inviting small companies in the South West to enlist the help of "experienced businessmen identifying their business problems." For example, why is that small firms are specifically invited to tender for Government contracts in the U.S. whereas here such contracts rarely go to the small company?

Colin Jont

## Government trying to help

THE GOVERNMENT appears to be quite proud of all the many schemes or changes it has been introducing lately with a view to helping smaller businesses. Indeed, Ministers have been so active on this flank in the past year or so that it is not surprising that they should feel that their efforts demonstrate not merely a deep-felt concern but a desire to be constructively helpful.

In the field of taxation, for example, changes were made last year so as to moderate the impact of Capital Transfer Tax on the smaller business; and changes have been made both this year and last to the "small company" rate of Corporation Tax. In the case of Government financial assistance, the qualifying level for some of the schemes provided under section 8 of the Industry Act, 1972, has



**"Sorry darling, I'm going to be late again"**

Lombard's funding options help solve your problems sooner, rather than later.

When your problem is planning and evaluating finance for your investment programme, the solution lies in our funding options which include leasing, lease purchase, Wheelcase and instalment credit. Contact us at the nearest Regional Office below, or at any of our 110 nationwide branches—we're in your telephone directory.

**Lombard North Central Limited**  
Lombard House, Curzon Street, London W1A 1EL.  
A member of the National Westminster Bank Group.

North East & Scottish 0709 7144, North West 061-428 0551, Midland 021-744 3577, South West 0272 284961, North Thames 01-949 3131, South East 0273 56716L.

## Special problems in the tax field

SMALLER companies have their own very special tax problems. For the most part they are family companies and there is generally very little distinction in the minds of the owners between their personal tax position and that of the company. Indeed tax considerations may well have been the prime motivation for incorporation as a company in the first place.

When a company is controlled by a few people, possibly a family or even an individual, it would be relatively easy to avoid or minimise taxation on its profits by manipulating its affairs in ways which would be far less likely for bigger quoted companies where the directors are separated from the majority of outside shareholders.

To counteract these possibilities the tax legislation contains a whole series of special rules which must be applied in computing the tax liability of so-called "close" companies.

Broadly speaking, close companies are those under the control of five or fewer persons or their associates. Associates include close family such as husband, wife, children, parents and brothers and sisters. A quoted company is not "close."

However, if over 25 per cent of its shares are owned by the general public. Similarly, a U.K. subsidiary of an overseas parent company is "close" if the parent would have been "close" had it resided in the U.K. It is obvious from this that the vast majority of family and smaller companies are "close."

**Avoid**

There are probably three main ways in which "close" companies could avoid tax, and where special rules exist to prevent this:

1. Where profits are not paid out to shareholders, but are retained in the business in excess of the needs of the company;
2. By disguising a distribution of profit as an expense of the business; and
3. By disguising a distribution as a long-term loan.

For the most part, however, the main concern is likely to be with the retention of profits in the business, and determination of the extent to which these can be distributed as salaries of the directors, or as dividends.

First, the basic rules. Before April 1975 close companies had to distribute nearly all their income to at least one individual, and at least 60 per cent of their trading and property income unless, after paying tax, they could convince the tax inspector that the money was needed for business purposes, or could not legally be distributed. If the required distributions were not made within 18 months of the end of the accounting period concerned then a "shortfall" assessment was made on the company. This meant that Schedule F tax was charged as if a distribution had been made, and the Revenue could also make surtax apportionments.

Under the present imputation corporation tax system, which took effect from April 1975, the rules are slightly different. The Revenue may now apportion among shareholders the excess of a close company's "relevant income" over its actual distributions for the period, except those whose income would be where the excess is under £1,001 and the company is a trading concern.

"Relevant income" is defined as "not more than the company's distributable investment trading and property income" plus 50 per cent of its distributable investment directors would prefer to have

income" is calculated after tax and includes interest and dividends, less the lower of £500 or 10 per cent of the company's trading and property income.

Then it is up to the company itself to argue with the Inspector of Taxes that it needs to retain the money for business purposes, including expansion. In such negotiations the inspector is entitled to ask for details of how the money is to be spent. But as a matter of practice problems are rarely thought to arise where the company concerned is dealing in goods and expanding its business in the normal way. The most vulnerable case to which the Revenue is likely to look for dividends, according to Thomas McLintock partner, Mary Yale, is "the cash-rich non-expanding company."

Investment companies, broadly those whose income would be unearned income to an individual, would normally be required to distribute all their relevant income; while property investment companies are in a halfway house, being required to make some distribution of their income. Given a choice, of course, most investment directors would prefer to have

CONTINUED ON NEXT PAGE

FINANCE FOR SMALLER COMPANIES III

# Export backing often not fully exploited

EXPORT finance available within these definitions it is not surprising to find that the smaller company rather than the larger one is the one which is most likely to be defined as a small company or a private company or a company which is not listed on the London Stock Exchange. It is literally a small company that as much as 40 per cent of its exports are accounted for by only 200 companies and these largely the "big boys" of British industry, it is not surprising to find that the smaller companies generally feel that the financial institutions, including the Export Credits Guarantee Department (ECGD), are too orientated towards this type of export business.

ability to offer credit is a necessity when competing in export markets and even with so-called cash transactions it can take a month or two before the exporter actually gets his money. However, few small companies are in a position to finance all their customers' requirements from their own resources.

assign his policy to the bank as collateral to raise short-term export finance. This system is still used widely as a means of improving an exporter's borrowing capacity. Some years ago ECGD developed this further by introducing direct Bank Guarantee schemes which an exporter, provided he has held a policy for one year, is eligible for on payment of an additional premium.

formance bond cover has been dropped to £1m. but consultant engineers, among others, which lower contract values are still required to put up the bonds. In practice ECGD has now adopted a more flexible approach so that exporters who bother to take their problem to the department often find they are able to obtain the necessary cover.

As a result raising export finance—as with any other form of finance—is all too often a difficult task for the small exporter—to the extent that some feel that direct exports are more trouble than they are worth and opt instead for licensing deals or simply concentrate on the home market.

At the same time, however, it can be argued that those companies that do complain have in fact been very slow to take full advantage of the facilities available to them. For instance, ECGD dropped its Small Exporter Policy in 1971 because of "lack of demand."

This policy was aimed at the exporter of consumer goods and other small items whose export turnover had not yet risen above £100,000 per year. It was basically the same as ECGD's standard Comprehensive Short-Term Policy but the minimum limit was much lower. The premium was also different—it was higher—which may well be why it proved unpopular.

More recently ECGD has complained that exporters are not taking advantage of the higher discretionary limits introduced over a year ago. This revolving limit, below which exporters can offer overseas buyers credit without prior approval from ECGD, was doubled to £5,000 in certain cases it can be lifted still further. But although ECGD estimates that well over a quarter of the credit applications it receives fall within this category, a large number of exporters continue to ask for credit approval when this is no longer necessary. These unnecessary applications and the administration involved ECGD holds to be partially responsible for the bottlenecks which occur in its services as a whole and which exporters are so quick to complain about.

## Insurance

In fact the type of transactions undertaken by small exporters constitutes the major portion of ECGD business—the bulk of U.K. exports is sold on short-term credit with the result that this accounted for some 85 per cent of ECGD business last year. ECGD's main function is to provide insurance for the exporter against the risks of not being paid for his goods or services, but it also provides access to export finance at favourable interest rates which can be invaluable for the small exporter. Although cash may be the ideal form of payment, the

The most obvious source of finance is bank overdrafts, but this is not necessarily the cheapest or the most easily available without appropriate collateral. Nor do the financial requirements end there; the exporter has to finance his production to meet the export orders. In fact the lack of pre-shipment finance, rather than export finance as such, is probably the greatest problem for the small exporter—to bridge the gap between receipt of orders and delivery and then payment for the goods.

But to gain access to finance at favourable interest rates the small exporter must first hold a comprehensive ECGD insurance policy. Even then many exporters do not find the terms sufficiently attractive. ECGD's Comprehensive Policy is designed to provide insurance against non-payment of the buyer of a volume of business on credit terms of up to six months with a Supplemental Extended Terms Guarantee available when credit is given for a longer period. Most of the exports covered are consumer goods, semi-manufactures and raw materials. Capital goods exports are covered by Specific Guarantees negotiated for each contract.

The exporter must offer for cover all or most of his export business for at least one year in both good and bad markets so that the risks are spread and, it is argued, so that ECGD can keep premium rates at a relatively low level. Premium rates vary according to four market grades and have recently been increased, but they average around 33p per £100 worth of business with a minimum premium payable of £50. This means that a company must have export business worth over £15,000 a year to make it worthwhile while many exporters reckon that it has to be above £30,000. Certainly a large volume of export business is essential since the premium has to be taken into account when calculating profit levels.

For the risks that the scheme covers—ECGD is the only organisation which provides cover against political risks—and the fact that the department covers as much as 90 to 95 per cent of the possible loss, the premium levels do not seem to have proved to be much of an obstacle. There is an added bonus that an ECGD policy gives access to the department's very extensive credit getting system, again available to an exporter approaching a new market. The holding of an ECGD policy in itself represents an assurance to banks, and if necessary the exporter can

The bank guarantees are unconditional and cover 100 per cent of the principal plus interest due to the banks on the amount outstanding. Against this the banks will advance finance to the exporter at shipment on presentation of the appropriate bill of exchange or promissory note at the preferential rate of 1 per cent above base rate.

## Credit

For financing short-term credit up to two years the premium is set at 1 per cent of an agreed revolving limit which is generally determined by the level of the exporter's business in the preceding 12 months with allowance made for an increase in trade. The initial premium is paid in advance and then renewed annually. Since an exporter's needs may change from year to year it is important that he should review his revolving limit with a view to renegotiating it either upwards or downwards according to the level of his export business. A similar scheme is available for goods sold on credit terms of two years or more, while capital goods exports are financed through ECGD-backed buyer credits.

The small exporter can also make use of the lines of credit arranged between a U.K. bank and a foreign bank to provide finance for a number of contracts with a variety of suppliers in the U.K. so that they may be paid in cash on shipment. These lines of credit can be used to finance quite small orders—sometimes as low as £5,000.

These then are the main facilities available to companies exporting at the smaller end of the business. ECGD of course offers several other forms of assistance to the exporter, but as many small exporters are quick to point out these cater mainly for the capital goods exporter. Their minimum contract/order limit is far too high for the small exporter.

To an extent ECGD has responded to such criticism by lowering the limits. The minimum contract value eligible for cost escalation, for instance, is now £2m, but this is still far too high for many exporters. Others who may meet this limit fail to qualify because each unit in a contract involving the supply of several similar units over a period of time is less than the stipulated £500,000 minimum. Similarly the minimum contract eligible for per-

But whatever the alleged shortcomings of ECGD facilities—and on the whole the small exporter's lot is little worse than that of any other exporter—by far the biggest problem remains the availability of pre-shipment finance. The clearing banks are the obvious source but unfortunately they have to take into account a company's overall overdraft position and so will not advance export finance if the company is already fully extended in financing its domestic business. This is often the case with a rapidly growing small company. ECGD does now assist with pre-shipment finance but only for contracts over £1m. and then the finance is provided at market rather than at preferential rates.

Subsidy

Many small exporters feel that the Government should step in and provide risk capital to support the smaller company attacking export markets. And while there is a growing feeling that the export effort should perhaps be stimulated upwards through the smaller companies rather than relying on the major exporters the Government would find itself in a difficult position internationally were it to be seen to be offering any direct export subsidy. There does now appear to be a greater awareness among banks, ECGD and other financial institutions in general of the small exporter's needs and the banks in particular have been making efforts to help. But if the potential exporter is to make the most of this changing mood then it is vital that he talks to the right people in ECGD and the banks or whatever at the right time—namely at the onset of negotiations with overseas buyers—and quite often this means bypassing the friendly but perhaps less well-informed local manager.

Margaret Hughes

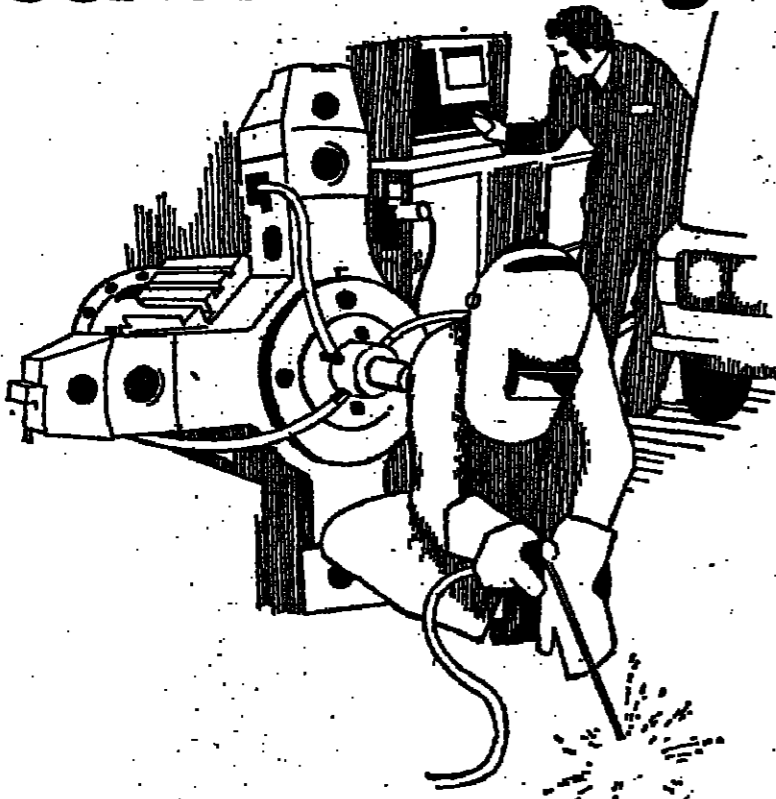
## Dawnay Day Merchant Bankers

Corporate Finance Services  
New Issues  
Industrial Development  
Investment Management

Over 50 years experience in meeting the needs of smaller public and expanding private companies.

Dawnay, Day & Co. Ltd.,  
Garrard House, 31 Gresham Street,  
London EC2V 7DT  
Telephone: 01-600 7533.  
Telex: 883625.

## BOWMAKER: helping your business to grow



For details of the wide range of financial facilities available contact the manager of your local Bowmaker branch. (Details in your phone book)

**Bowmaker**  
financial services

Bowmaker - a member of the Bowring Group

## Tax CONTINUED FROM PREVIOUS PAGE

the money distributed in higher salaries because of the advantageous tax treatment of earned income. But this raises a fairly sensitive issue, namely the extent to which small companies should and actually do adhere to the pay restrictions. The attitude of many is no doubt summed up aptly by the company's auditor that he will follow the pay policy if the auditor can produce the relevant law. Since no such law exists the only considerations for many smaller companies will be the unlikely sanctions of the price code.

Equally sensitive, and of increasing political interest, is the whole issue of the role of accountants both as auditors and tax advisors to small companies and their directors. It could hardly be disputed, for example, that taxation is the main if not the only justification seen by many small company directors for preparation of accounts. Implicit in this is perhaps a belief of some company directors that if they have the right accountant their chances of reducing their tax liabilities are substantially enhanced.

It seems very likely that the Inland Revenue is reasonably familiar with the practices of individual accounting firms, particularly in cases of potential tax evasion. Indeed some senior tax accountants profess to have knowledge of an Inland Revenue "blacklist" and accounts submitted by firms on the list are reputedly subjected to special investigation. Whether the

alleged list is official or maintained only at local level is not clear.

These and other aspects of professional tax advice are discussed at some length in a new Pelican book "To Him Who Hath," written jointly by Frank Field, Molly Meacher and Chris Pond. They conclude that there is "an urgent need for both the legal and accountancy professions to put their house in order" in respect of helping clients to avoid paying tax.

The Revenue, they say, should outline in a discussion document the growth in the tax-avoidance industry and then detail the kinds of practices, with case examples, where the legal and accountancy professions have been behaving in "an unsocial way."

They also say that the Government should "make it clear that unless the professions respond constructively to this initiative by the Revenue they will seek a public inquiry into this aspect of their work with a view to imposing new rules of conduct."

How justified these criticisms are is certainly open to dispute. This is particularly true when critics claim that any form of tax planning by individuals or companies is anti-social.

For the smaller company tax planning is in fact essential. For example, the advantages of stock relief, and avoidance as far as possible of the penal 68 per cent marginal corporation tax rate on profits between £40,000 and £65,000, should not

be ignored. Profits up to £40,000 are subject to the small company rate of 42 per cent, while profits in excess of £65,000 are taxed at the standard rate of 52 per cent.

The greatest worry of many tax accountants dealing with smaller companies is the Capital Transfer Tax. This taxes both lifetime and death transfers of property at what a senior tax official in another EEC country, which has a more liberal approach to wealth accumulation than the U.K., recently described to me "as nothing short of penal rates."

Be that as it may, many accountants claim that the threat which this tax holds for family companies has not yet even been remotely appreciated by those most affected. Indeed it seems clear that few family companies can now be expected to remain with the same family for more than one generation.

For many, however, the shocks will only come when the proprietors of the companies in which they have interests die. And as more and more people realise the unenviable position they are in with CTT the greater must be the disincentive.

As Geoffrey Vieler, a former managing director of the Post Office and current president of the London District Society of the Institute of Chartered Accountants put it: "The greatest incentive for people in small businesses is their family—CIT removes that incentive."

Michael Lafferty

# Finance for Growing Companies

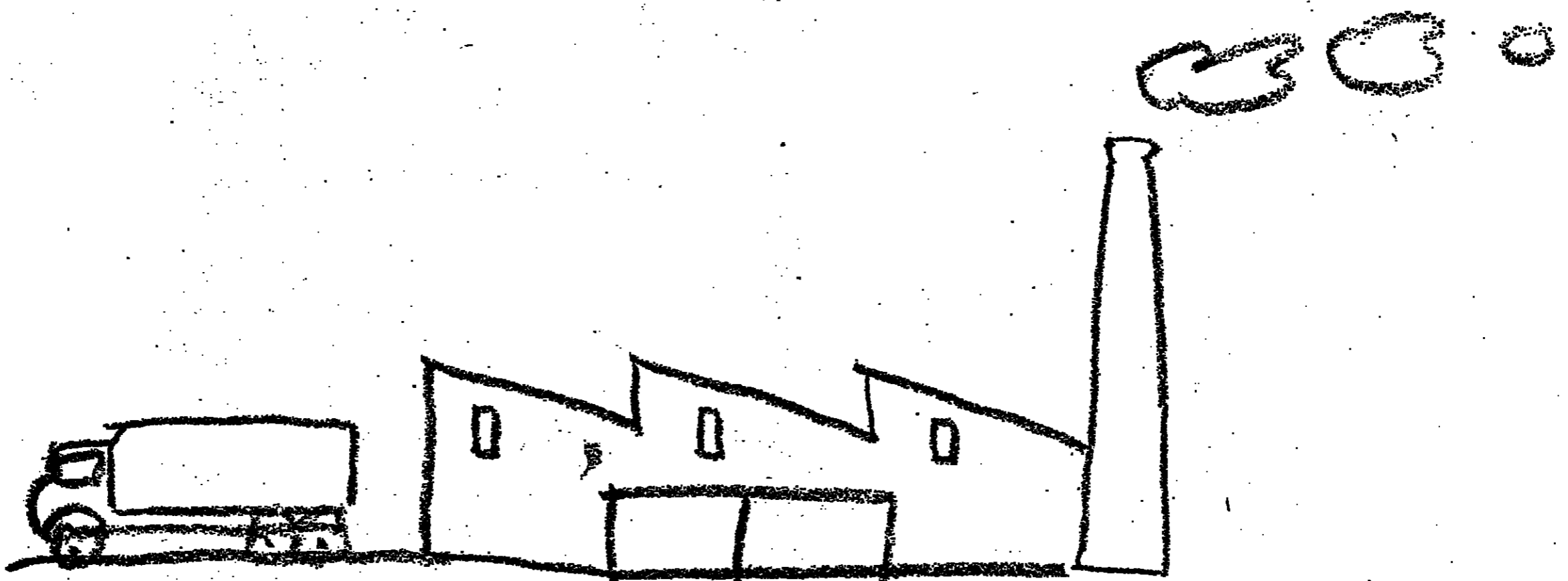
**CHARTERHOUSE**  
Charterhouse Development Limited,  
1 Paternoster Row, St. Pauls, London EC4M 7DH.  
Telephone: 01-248 3999.





100 1550

We'll help you  
 finance it,  
 equip it, insure it,  
 expand it and  
 one day grow  
 out of it.



All you have to do is ask here.

NATIONAL WESTMINSTER BANK GROUP: FULL BANKING SERVICES INCLUDING BUSINESS DEVELOPMENT LOANS, FOREIGN CURRENCY DEALING AND EXPORT FINANCE, PAYROLL AND COMPUTER SERVICES (CENTRE-FILE LTD), REGISTRAR AND ISSUE SERVICES, DOMESTIC AND EXPORT FACTORING (CREDIT FACTORING INTERNATIONAL LTD), MERCHANT BANKING (COUNTY BANK), LEASING AND INSTALMENT CREDIT (LOMBARD NORTH CENTRAL), INCORPORATED INSURANCE BROKERING (NATIONAL WESTMINSTER INSURANCE SERVICES LTD).

**NatWest**



# FINANCE FOR SMALLER COMPANIES VII

## Putting the case in the right way

ALL companies sometimes to obtain the finance they need to expand or to tide them over a difficult period because they are unable to make out an adequate case to normal bankers. They tend to take too long before seeking help and all too often they provide insufficient information to themselves and their advisers to convince those who might otherwise be prepared to support them.

The reason for this state of affairs is that the proprietors of small companies usually excel in one field other than finance. They are good engineers or they are a fair for design or retailing and it is to exploit these skills that they set up their businesses in the first place. Frequently their knowledge of finance is limited. They assume that as long as their books are properly audited and the standard of the service they provide is high, they will be profitable. This is not always the case. Most small companies rely on their local branch banks for finance and few of them seem prepared to take advantage of the many services that the banks offer to businessmen. Perhaps many people still feel that to visit the bank manager is intimidating and unpleasant. Experience that is best avoided unless it is really necessary. Certainly the banks report that too many small businessmen fail to see them when they are already in serious financial trouble.

**Errors**

Yet bank managers are always happy to discuss business questions with the manager or owner of a small concern and they are usually glad to give advice on the financial controls that may be needed. If possible a manager will visit its bank manager to see exactly how well things are being managed. If the company is making any serious errors, such as overstocking, the bank manager should be able to recognise the problem and help the proprietors to avert a crisis in the future.

Some of the big banks run special advisory services for small companies and if any extraordinary difficulties arise the manager of a branch bank can direct his customers to this further source of expertise. Barclays' Advisory Service has been established the longest and in the past five years it has helped 4,500 companies. Some of them have had an annual turnover of only £30,000, although Barclays says it would normally expect to deal only with companies that have a turnover of £200,000 or more.

Barclays will send advisory service staff into a company to examine all aspects of its affairs and then advise it on finance. The bank staff may produce an up-to-date profit and loss account or cash flow forecasts; they may provide a far more accurate assessment of the amount of money a company really needs to continue or expand its trading; they may also suggest ways in which the managers of the concern can present a more effective case when they start trying to raise the funds they need.

The Barclays service is free to customers of the bank. Businessmen who bank elsewhere may also use it but they will be charged—probably at the rate of £100 per day if they want their companies to be surveyed. Lloyds Bank set up a similar service about 18 months ago.

There are a number of other bodies that small companies can turn to for guidance on finance. Most local education authorities provide evening courses on business studies and the cost of these is minimal. Local libraries always stock books on the financial aspects of running a company and the librarian can advise on which would be the most useful for a particular need.

Small businessmen could often obtain far more help than they do from their own accountants. It would seem that many of them are worried by the high cost of professional fees, so they try to manage alone but this is usually a false economy. An accountant in addition to auditing the books can provide guidance on such things as cash flow. And unless a company can produce a cash flow chart plus a profit and loss account and a recent balance sheet it has little chance of convincing a bank or any other financial institution of its competence in financial management.

This is a point that is stressed by the Department of Industry's Small Firms Information Service. The department runs 10 information centres, all of them sited in population centres such as Glasgow, Man-

chester, Leeds, Birmingham, Cardiff and Bristol. Staff at the centres will answer queries, put people in touch with other bodies that may be able to assist them and provide booklets giving guidance on such things as aids to financial management and how to raise finance for a new enterprise. In addition to this a pilot counselling service has just been set up under which small companies can seek advice from other, successful industrialists within their own locality.

The Small Firms Information Service says that a bank manager—or anyone else thinking of providing finance for a small concern—will examine the would-be borrower for three things: character, capital and competence. It points out that a businessman who does not go anywhere near his bank until he has a hefty debt which he cannot meet is unlikely to inspire confidence. Nor will a bank manager looking for evidence of personal qualities be much impressed by signs of extravagance such as luxury cars or expensive holidays.

### Stake

As far as capital is concerned, a bank will be more inclined to lend money to the proprietor or directors of a company if it can see that they themselves have a sizeable stake in it. The amount of money that a concern can raise will probably be based on a ratio of its capital, taking into account the security that is being offered.

The Small Firms Information Service says that when a company is presenting its case for a loan the first thing it must decide is exactly how much it requires. It must then state the form of the loan it would like, whether in a single sum, as a credit limit on an overdraft or in staged payments. The next thing is to say for how long the money will be required and how it will be paid back. A concern should also give full details of the security it is going to offer against the projected loan.

Small businessmen should prepare a brief history of their companies plus a list of the names and addresses of all the directors or partners and of the appropriate bankers. They should say how they plan to use the finance they raise, giving costings or quotations, and they should ask their accountants to draw up a cash flow projection for the period of the loan.

The presentation of a case for a loan should include balance sheets for the previous three to five years. If the company's most recent balance sheet is more than four months old then accountants should be asked to draw up an interim balance sheet. A list of orders or contracts should be included in the presentation, preferably with some examples of the latter so that the bank or institution can examine them for break clauses. A limited company that is trying to raise money should produce its articles of association and memorandum plus a photocopy of its certificate of incorporation.

A small company should also be prepared to give current details about its overdraft, if any, and its debts, about any pending litigation, about any payment, about its debtors and any sums it considers to be uncollectable. Its approximate stock positions and its approximate profit margin. It is perhaps especially important for a small concern to consider its position vis-à-vis its debtors. Companies could often cut the amount of the loan they are seeking or even forgo it altogether if they were more efficient about collecting money owed to them.

The Small Firms Information Service says it is usually far harder to make out a good case for raising a loan if a person is setting up a company from scratch and requires venture capital. Yet basically the same rules apply. A venture capital institution will want to see cash flow projections, projected profit and loss accounts, a careful analysis of the market and of actual or potential competitors and some evidence that the would-be businessman has already acquired some of the relevant skills and experience that he will need to run his company successfully.

A small company will always find it easier to present a convincing case for a loan if the people running it have taken the trouble to obtain some grasp of finance. As Barclays Advisory Service points out, cash in a company is like blood in a human body—both are essential for continued existence.

Sue Cameron

## Professional advice

IT IS little wonder that accountants come top of the charts in any survey asking the smaller business to whom it would turn first for financial advice. The typical small business is after all characterised most frequently as a one-man operation, an entrepreneur with a gift for his particular line of trade but little knowledge of the specialised and sometimes impenetrable world of finance.

The Bolton Report—the seminal work on the subject—found that in response to its postal survey over 85 per cent of small companies are controlled or managed by one or two men, usually one. The report saw this as conferring advantages and disadvantages on the small company. On the one hand it accounted for the high morale and profit maximising attitude that distinguishes the small business from its neighbouring giants; on the other it poses insurmountable problems to the entrepreneur who, unless he is reincarnated as Sloan or Henry Ford, cannot be expected to encompass with ease all aspects of his business, particularly the all-important finance function.

An elementary knowledge of book-keeping and a wealth of experience and common sense are adequate enough in the normal run of business, but when major changes are needed to be considered in a small company's policies or the Government conjures up yet another fundamental overhaul of the taxation system—SET, VAT, or now CTT—it will almost certainly demand the infusion of specialist advice. Easily the most frequently tapped source of advice on professional skills and indeed general management problems are accountants, solicitors and bank managers.

Somewhere further down the list come the management consultants who, since the war, have made an increasingly lucrative living out of the problems of expanding organisations, and the Government advice organisations often regarded—how ever unfairly—by small businesses as the Trojan Horse of centralised policy which has already caused them enough problems in other directions. One does not have to seek far for the reasons why the accountant, solicitor and bank manager are often used. For the accountant and bank manager there is the great advantage of close personal contact with the businessman and intimate knowledge of the business combined with the degree of concern that can only accompany a vested interest in the survival of the company in question.

**Division**

Even so, there is a natural division of skill and interest between the accountant and the bank manager. The two professions are more or less equally capable of seeing a gathering financial crisis in a company well before, in some cases, the owner—but the bank manager in the nature of things tends to adopt a fairly narrow view. His responsibility is to his depositors and shareholders and he also cannot be expected to have had the wide experience and knowledge of business necessary to advise on all aspects of management problems.

The accountant on the other hand has been playing an increasing role in taking an active interest in the management services side of a company. By his training the accountant can act as an extremely useful sounding board for ideas thrown up by the businessman, particularly when the first question a bank manager might ask is "have you discussed this plan with your auditors?". In addition, because of his regular audit work, the accountant is far more intimately informed about a business than any outsider. Most important, the training given to the accountant helps make up for those areas of business operation where the small entrepreneur is most likely to be weakest—costing, budgeting and financial control.

It is interesting to note that since the presentation of the Bolton Report in 1971 there has been a considerable advance in the clearing banks in setting up advisory services for small companies and yet the accountancy profession itself has not thrown its weight behind a similar development among its own members.

The Government too, through the Department of Industry, is considering setting up a national small firms counselling service after a successful pilot project in the South West region.

The aim of the government service is to provide small companies with a free session of advice from experienced retired or semi-retired businessmen. To date, 24 counsellors have been working from seven area offices in Bristol, Truro, Swindon, Gloucester, Plymouth, Bournemouth and Exeter. After the first free session, the counsellor is available to provide further help for up to ten days in the year at a cost of only £5 a day for the first two days and £15 a day after that. A similar "store front" approach, modelled on North American lines, has been urged on the accountancy profession by some of its members but so far the accountancy bodies, perhaps regarding it as detrimental to the livelihood of its local practitioners, has not been in favour of the scheme.

A full-blown consultancy service from one of the leading firms in the management consultancy field is of course considerably more expensive than that offered, for example, by the government scheme. Average fees per consultant day are now running in the region of £150 to £160. Bolton noted that consultancy firms had not shown much interest in small companies—understandably in view of the growth seen in the profession which has been based on the larger concern. In addition, the consultants meet the same resistance from the small busi-

Terry Wilkinson

# Williams & Glyn's knows that businesses need bank managers who understand business

When inflation changed the rules of financial management, it also changed the relationship between companies and their banks. Today companies look to their banks as never before for co-operation and advice.

So Williams & Glyn's encourages its managers to go out and visit customers on their home ground. In this way, the managers obtain a first-hand understanding of the business that no balance sheet could ever give them.

You'll find Williams & Glyn's is more alert in other respects too. We can give you a decision, even on a major proposition, more quickly because there is no elaborate hierarchy within the bank to delay it: the chain of command is short and direct. Wouldn't you like a bank that understands the way we live now?

Call in at your local Williams & Glyn's branch. Or write to: Marketing Development Office, Williams & Glyn's Bank Ltd., New London Bridge House, 25 London Bridge Street, London SE1 9SX.

### Five ways to more profitable business

- 1 Working Capital**  
There is often more than one way of raising working capital—but only one best way. Williams & Glyn's will normally both find and supply it.
- 2 International Equipment Leasing**  
Our leasing subsidiary offers flexible, competitive terms for exports of British manufactured capital equipment plus tailored leases for capital investment in the UK by major companies.
- 3 Development Capital**  
Through an Associate Company, Williams & Glyn's can provide finance for expanding private and public companies.
- 4 Quick Decisions**  
The shorter chain of command at Williams & Glyn's ensures you of a quick response.
- 5 Documentary Credits**  
Where appropriate, the bank can guarantee payments to suppliers on behalf of, and at the request of, the buyer.

## WILLIAMS & GLYN'S BANK LTD

The most flexible of the big five banks

A member of the National and Commercial Banking Group and one of the Inter-Alpha Group of Banks

## If it's money you're after, give us a ring first.

We're the Small Business Unit. In the Investment Division of the Welsh Development Agency.

Tell us what you have in mind. In strictest confidence, we'll tell you whether we can help by loan or equity capital.

Our advice is backed by years of practical, hard-earned industrial and commercial experience. In both public and private sectors. All of which is of particular interest to smaller companies. Provided they're successful and in Wales, or want to come here.

We're flexible about our approach to a possible investment and try to tailor it to meet your needs.

We're well worth contacting. Not least of all because we know where we are in Wales. And where you could be.

So do contact us. Then you'll discover we speak your kind of language.

For more information, ask for Jack Loveland or John Norris.

## Welsh Development Agency Awdurdod Datblygu Cymru

SMALL BUSINESS UNIT

Treforest Industrial Estate, Pontypridd, Mid Glamorgan CF37 5UT. Telephone: Treforest (044385) 2666. Telex: 497516.



# Hire purchase has attractions...

In spite of apparent expense, the attraction of hire purchase and leasing for many small businesses is that the commitment involved is easily understood. Payments are made regularly, probably once a month, and are normally of a fixed amount. Any company using either system knows what it must find in the way of outgoing cash throughout the term of the hire purchase or leasing arrangement.

Most types of fixed assets are suitable for hire purchase or leasing treatment. This includes everything from a typewriter to a computer, a salesman's car to a heavy commercial vehicle, an office duplicator to a printing press, a machine tool to a complete production line.

There are of course some restrictions, and United Dominions Trust, one of the larger finance houses, outlines the situation this way: "Goods that should be easily identifiable, leased a particular asset will often be given first option to

larger installation or part of a stock of unidentifiable spare parts. They should have a useful working life at least as long as the period of the agreement. They can be freely re-sold. They have a high earning potential, direct or indirect."

Any decision on whether a company should use hire purchase rather than leasing or vice versa is mainly a matter of the company's tax position. In broad terms, if the business is making taxable profits, then hire purchase is probably the most beneficial arrangement; if not, then leasing is most likely the answer.

A company must also take into account the fact that with hire purchase it ends up owning the asset which is the subject of the agreement. With leasing this is not so; the asset belongs to the finance company. bought the goods outright. And this difference is often obscured, however, by the fact that the company which has allowed against earnings be often be given first option to

buy it when the leasing contract decides to sell. It is this distinction between the two types of arrangement which results in a different taxation effect for each of them. A company purchasing an asset under a hire purchase agreement is treated for tax purposes as the owner as soon as it pays a deposit and takes delivery. This means it is eligible for the whole of the 100 per cent. first-year allowance (or in the case of passenger cars the 25 per cent. writing-down allowance as if it had bought the asset outright for cash.

All that the company using the asset can do is treat all rentals as a trading expense and deduct them from earnings before arriving at its taxable profit. The upshot is that if the borrower can take immediate advantage of the capital allowances available, hire purchase will almost certainly be more beneficial than leasing. If the borrowing company is short on taxable profits then it will probably pay it to lease. But it should be remembered that a company is permitted to carry back the unused first-year allowances for three years and so taxable profits in the previous three years as well as those for

that is, the finance house— which is the owner and so it is the finance house which gets the capital allowances, regional development grants and so on. Naturally, the finance house should take these benefits into consideration when fixing the rental.

**Grant**  
On top of that, if the asset qualifies for a regional development grant it will be paid in full just as if the company had bought the goods outright. And the interest element paid under a hire purchase contract is often obscured, however, by the fact that the company which has allowed against earnings be often be given first option to

the year of acquisition should be taken into the calculation. The finance houses, which are responsible for most of the hire purchase and leasing to industrial customers, also offer variations on leasing. Variations like contract hire. This is an arrangement of particular interest to the smaller company because it is mainly used for vehicles.

In contract hire the user pays only the pre-calculated depreciation during the fixed hiring period. It frequently includes the provision of maintenance, servicing, repairs and replacement vehicles. In the case of heavy commercial vehicles it may even throw a driver and fuel into the deal. This type of leasing is attractive to the smaller company because it helps cash flow and prevents lots of capital being tied up in vehicles.

In any case, the finance houses are usually willing to help a company with cash flow problems by offering variations on the normal pattern of payment under a hire purchase agreement.

There are "seasonal" payments such as would suit a farmer paying for a combine harvester that generates large earnings when the crops are sold but nothing for the rest of the year.

There are "skip" payments for the contractor who knows from experience that he will be unable to operate his plant in some of the winter months.

There are "accelerated" payments for the commercial

vehicle operator who would like to make large payments at the beginning of the contract, when maintenance costs are low, and low payments when the vehicle is older and more costly to maintain.

There are "decelerated" payments for the period of running-in of a machine before production has started. There are "balloon" payments for use in contracts in which the goods have a high residual value.

There are many more, because the finance houses pride themselves on being flexible in their approach to lending. They even offer variable interest rates, based on the Finance Houses Association base rate. This rate was specifically introduced for deals involving industrial and commercial customers. The idea is that the finance houses arrive at a true and flexible rate of interest geared to the real cost of the money they have to borrow themselves. Published daily in the Financial Times, the FHA base rate is calculated monthly by reference to the inter-bank three-month rate.

But, as with stock market investment, the rate can go up as well as down and any company opting to take an agreement tied to the FHA base rate has to take a view on the way interest rates might be going over a medium-term period. For this reason it is a system which does not attract the smaller companies to any great extent.

But the finance houses stress that these agreements benefit

the customer because the lender can quote more competitively in the knowledge that he will not get badly caught by a sudden jump in interest rates before the agreement ends. It also helps those borrower companies which need to invest a capital asset when interest rates are high. They can go ahead in the knowledge that as interest rates descend so will the interest they have to pay on their hire purchase agreement.

Instalment credit companies try to tailor each agreement— whether hire purchase or leasing—to suit the individual company and the individual asset. Of course the prime consideration as far as the finance house

is concerned is whether the company getting the asset is credit-worthy and will be able to pay back. This often means that discussions will take place in the plant or equipment involved when the finance house will ask for details such as when it will be in full operation and when it will come to maximum earning power. With forward planning particularly difficult for smaller companies in the current economic climate, getting out the finer points of detail can be a daunting task. But without them there can often be no deal.

**Kenneth Gooding**  
Industrial Correspondent

...so does factoring

FACTORING IS a financial and administrative service specifically designed for smaller companies with the object of relieving entrepreneurs of day-to-day financial cares—such as collecting money from customers and running an accounts department—so that they can concentrate on producing goods or supplying services.

Basically a factor offers a client three services, although there is usually no pressure to accept all three. The first is a straightforward organisational service—the factor becomes the accounts department of the client, looking after the sales ledger, sending out the invoices, getting in the payments. At a certain stage a company may well want to build up its own internal accounts department but until that move can be justified the factor does the job.

As regards cost there is no fixed scale of fees and individual factors may well quote the same company a different sum. The charge is usually geared to the work and the risk involved, and whether the factor is familiar with the client's particular business.

But the general scale of costs varies between 0.75 and 2 per cent of the client's turnover. This is for the servicing of the business. When a factor passes on cash early it charges more, usually interest at between 2 and 4 per cent above base rate.

**Attractions**  
Factors reject the majority of companies who approach them. This is because many small companies see factoring as a way of getting out of a financial mess. Factors are only interested in successful and expanding companies, usually with sales in the £500,000 to £1m. range, although some specialise in working for smaller companies.

In addition, they tend to concentrate in certain industries—mainly engineering and textiles. Service trades and unusual businesses are regarded as rather risky, an attitude which gives rise to the criticism that factors only work for companies that are safe and solid and could manage under their own steam.

Second, most factors provide clients with protection against bad debts. If a customer does not pay for goods or services received the factor will usually make good the loss. Finally, and again it is up to the client to decide what use it makes of this service, factors will help with the cash flow, passing on to a client up to 80 per cent. of the value of a debt as soon as it despatches the invoice to a client's customer. The remainder of the money goes to the client when the factor has gathered it in.

There are approaching 10 major factors operating in the U.K., and most of them are now subsidiaries of clearing, foreign or merchant banks. The largest is probably Credit Factoring, a subsidiary of National Westminster, which claims to be factoring well over £200m. a year now for around 200 clients. Then comes International Factors, owned by Lloyds and Scottish Finance, around the £130m. mark with 140 clients, and Griffin, the Midlands factoring operation, which is about the same size as International. Barclays also offers a factoring service but it is not yet as involved as its three big competitors.

Some companies may be reluctant to let their bank also be their factor—for a factor must necessarily know all the secrets of a business. For them there is H and H Factors, mainly owned by the Walter Heller Corporation of the U.S., with some Hamburg money involved; Mercantile Credit; and Arbutnot.

Then there is Alex Lawrie, now also owned by Lloyds and Scottish, which is different in not offering credit insurance. Finally, there are companies that offer the related service of invoice discounting, which is

basically the buying of a company's debts. The client's use of its factor changes with the economic climate. In times of a recession it is perhaps the credit insurance and the ready availability of money which is attractive; in periods of expansion it is the administrative service which frees the management to concentrate on building up the business that is most used. Factoring should be a very flexible tool, with a close relationship existing between factor and client.

Although a factor will reckon to work with companies for a limited number of years, helping them until they are large enough to stand on their own feet, some multi-million turn-over organisations employ a factor in subsidiary operations, in particular for exports. It is extraordinary how few companies make use of the export service offered by most factors a service which makes selling abroad as safe and simple as selling to a customer ten miles away.

The factor handles all the currency problems, and also uses its overseas contacts to check out the creditworthiness of customers, so for a client the payments arrive just as if they were from U.K. buyers—and the charge is not much greater than for domestic factoring. For small companies attracted by the idea of selling abroad but worried about the strangeness of it all, a talk with a factor can be recommended.

Not all companies find using a factor a satisfactory experience. Although the saving on running an internal accounts department, and the discount that a business can often obtain through paying cash for goods—cash provided through the improved liquidity that comes from using a factor's financial service—together often mean that a factoring agreement actually saves a client money (besides the administrative benefit of freeing top management from financial worries there are pitfalls.

For a start factors usually set a client approved credit limit for each of its customers. If the client sells goods to a customer above the limit it does not qualify for protection against bad debts, and does not get the cash advanced on debt. Some clients regard this as interference with their business and an impediment to expanding turnover.

**Advice**  
The factor will reply that there are reasons for advising client not to get too involved with particular customer, reasons which probably derive from the almost unrivalled information that a factor acquires about the solvency of companies. A factor is the first to know when large companies start to delay on paying the accounts, and not even hand have such a broad knowledge of trading patterns in certain industries.

Even so, companies may feel that the factor does not provide a service when it is needed for those customers where there is an occasional element of risk and where an initial gamble or a big contract could open the way for a rapid growth in sale.

The other drawback of many factors is that they like their clients to have simple trading patterns. They do not usually approve of companies that see direct to the public, or that have a seasonal trading pattern or numerous small customers. In the early years of factoring there was over-rapid expansion and some factors were caught with severe bad debts. They are very cautious now.

But the advantages of using a factor far outweigh the disadvantages, and there are enough factors to negotiate with if the first turns you down. These day customers are used to having a factor handle the financial chores for a company and in deed using a factor is regarded as a sign of financial probity. With the clearing banks now very much selling the concept, factoring looks set for greater and more rapid growth.

**Anthony Thorncroft**

# How to give your finance controller a new lease of life



We know (so, probably, do you) finance controllers who have grown old before their time. Old in the attempt to find money to replace plant, machinery, equipment or vehicles which ought to have been pensioned off years ago.

But there is an alternative to purchase and ownership. It's called leasing, and it's one of a great many services available from the companies that make up Midland Bank Group.

Leasing can be much more advantageous than purchase—and rentals may reflect the benefits of all available tax allowances.

Knowing your rental commitments in advance means that you can plan with accuracy. Yet leasing is also flexible, allowing you to change or up-date equipment at any time to meet changing circumstances.

Most important, by leasing instead of buying, you conserve precious capital for other important company uses.

**Discuss your problems with us.** Leasing is just one of the many financial services that Midland Bank Group offers you to help make business more profitable.

Your local Midland Bank branch manager can also arrange term loan facilities, instalment finance, factoring and a number of export and international services, including export finance in sterling and other currencies and the discounting of bills. He can arrange, too, merchant banking facilities which include the raising of long-term and share capital, and finance for growing companies.

**Let us help you.** There's a whole range of services, in fact, and all available in the simple way you're used to—through your local bank. Call in soon at any of 3,000 Midland Bank Group branches and talk to the manager. He can quickly put you in touch with the appropriate Group companies.

Finance for Britain's Industry

Leasing Services from  **Midland Bank Group**

Principal trading companies include: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Northern Bank Limited, Northern Bank Finance Corporation Limited, Midland Bank Trust Company Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Midland Montagu Industrial Finance Limited, Bland Payne Holdings Limited, London American Finance Corporation Limited.

10/10/77





ending dividends
metable

the convenience of readers the dates when some of the
important company dividend statements may be expected...

Table with columns: Date, Announcement, Dividend, etc. listing various companies and their dividend details.

Table titled 'Public Works Loan Board rates' showing interest rates for different periods and types of loans.

Table titled 'London tea sales' showing sales figures for various tea types and regions.

RECENT ISSUES

Table listing recent issues of various stocks and bonds.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for name, price, and yield.

"RIGHTS" OFFERS

Table listing rights offers for various companies.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

INTERNATIONAL COMPANIES

Orient Leasing profits surge

BY YOKO SHIBATA TOKYO, May 22. JAPAN'S LARGEST leasing company, Orient Leasing, has reported a record profit...

Greater transparency urged for multi's

BY JOHN WICKS MONTREUX, May 22. MULTI-NATIONAL corporations should aim for improved transparency in their foreign exchange commitments...

Money and Exchanges

Bank of England Minimum Lending Rate 8 per cent. (since May 13, 1977). Short-term fixed period interest rates drifted lower in the London money market...

Table titled 'FOREIGN EXCHANGES' showing exchange rates for various currencies.

Table titled 'GOLD MARKET' showing gold prices and market data.

Table titled 'EURO-CURRENCY INTEREST RATES' showing interest rates for various currencies.

MINING NOTEBOOK

Where the buffalo might still be roaming

BY LODESTAR LAST WEEK I was commenting on the political risks that have to be braved by the mining fraternity if the world's future supplies of vital minerals are to be assured...

Insurance

THE cost of burglary. A HOUSE will be burgled every two or three minutes in 1977. The bill has risen to £45.4m, which is apparently a virtual 107 per cent increase...

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times...

EUROFIMA advertisement featuring a logo and text: 'These Notes were offered and sold outside the United States of America and Switzerland. \$20,000,000 EUROFIMA (European Company for the Financing of Railway Rolling Stock) 7 1/2% Notes Due 1983'

OVERSEAS MARKETS

EUROBONDS

Market stabilising factors

BY FRANCIS GHILLES

LAST WEEK witnessed a market stabilisation at lower levels in the U.S. dollar sector, confirmed on Friday after the mid-week holiday in most European centres. In the D-Mark sector, although prices had not changed by the end of the week, dealers were beginning to talk prices up following the Bundesbank's decision on Wednesday to boost bank liquidity. A total of DM1.5bn. will be injected into the banking system, of which dealers in Frankfurt suggested about DM1.2bn. would find its way into the bond market.

The \$40m. convertible bond for Jasco will be convertible after July 1. Of the issues priced in the dollar sector, last week Deutsche Bank's \$125m. ten year bond being raised through its Luxembourg subsidiary Cie Financiere de la Deutsche Bank was priced at 98 1/2 and Andelsbanken at par with a minimum coupon of 7 per cent. On Friday however in first time trading the latter was quoted at 97 1/2, which dealers regarded as disappointing in view of the relatively high minimum rate. Apart from the general weakness of the floating rate sector, there appears to have been reluctance to accept Danish paper. It is fair to say that a number of people are not happy at the rate of Danish borrowing and the announcement of another junior syndicated bank loan for the country this week will not help. Denmark may soon have to pay more for its money.

The pricing of the Olivetti issue at 99 1/2 gives it a yield slightly higher than the old issue. The new issue was never attractive and while, contrary to expectation, the market comment on Friday, the lead manager Union Bank of Switzerland, did not require underwriters to take up any specific proportion of their DM100m. commitments, reminders that the issue would close at noon on Friday were apparently sent to those underwriters from Austrian State stock company who had subscription had been received.

Two other issues are expected in the D-Mark market this week: a DM100m. for the City of Kobe to be offered by Deutsche Bank and a DM100m. for a Spanish utility company, Autopistas del Mare Nostrum to be offered by Dresdner Bank. This relatively heavy schedule should be easy to absorb in the more receptive conditions of last Friday persist.

The issue will qualify for exemption from the 15 per cent. Hong Kong withholding tax, as did the other two. Nippon Telegraph and Telephone Public Corporation will float its Sw.Frs.100m. 15 year foreign bond which will carry a 5 1/2 per cent. coupon between May 23 and 26. In the Yen market, the Government of Flanders' Yen100m. 12-year issue will be offered at par today. This is the second Finnish Yen bond issue after the Yen100m. bond floated in 1975. Compagnie Nationale Algerienne de Navigation is raising a loan in Saudi Rials through the BAI: Sr.150m. due in 1982/87 with an indicated coupon of 3 1/2 per cent. Guarantor is the Banque Extérieure d'Algerie. The AIBD International Bond Manual 1977-1978, the first ever issue of an annual time-series published last week. It lists every bond issue, including Swiss franc foreign bonds and D-mark bonds which do not technically fall within the AIBD purview, alphabetically by borrower and nationality. AIBD International Bond Manual, Interbond Services Ltd., 2, Parkway, Regents Park, London NW1 7AA; \$80 for the first three copies, less for subsequent ones. Fortnightly updating service at 50 per cent. of original subscription.

The issue will qualify for exemption from the 15 per cent. Hong Kong withholding tax, as did the other two. Nippon Telegraph and Telephone Public Corporation will float its Sw.Frs.100m. 15 year foreign bond which will carry a 5 1/2 per cent. coupon between May 23 and 26. In the Yen market, the Government of Flanders' Yen100m. 12-year issue will be offered at par today. This is the second Finnish Yen bond issue after the Yen100m. bond floated in 1975. Compagnie Nationale Algerienne de Navigation is raising a loan in Saudi Rials through the BAI: Sr.150m. due in 1982/87 with an indicated coupon of 3 1/2 per cent. Guarantor is the Banque Extérieure d'Algerie. The AIBD International Bond Manual 1977-1978, the first ever issue of an annual time-series published last week. It lists every bond issue, including Swiss franc foreign bonds and D-mark bonds which do not technically fall within the AIBD purview, alphabetically by borrower and nationality. AIBD International Bond Manual, Interbond Services Ltd., 2, Parkway, Regents Park, London NW1 7AA; \$80 for the first three copies, less for subsequent ones. Fortnightly updating service at 50 per cent. of original subscription.

CURRENT EUROBOND ISSUES

Table with columns: Borrowers, US DOLLARS, Amount, Maturity, Av. life, Coupon, Price, Lead manager, Offer %.

Another factor which helped stabilise the market was the fact that apart from the EEC no U.S. dollar straight issues were announced.

The market shrugged off the increase in Eurodollar rates—six month rates were up on the week from 6 1/4 per cent. to 6 7/8 per cent. The week-end market comment on Friday, the

The D-mark sector was, as already noted, the happiest of all by the end of the week. Two

This is the first issue for a foreign borrower to be floated in the British colony. The bonds will be initially subscribed in Canadian dollars (initial subscription for the two previous issues was in U.S. dollars), interest and repayment to be in HK dollars in HK dollars, principal to be in HK dollars, but to be repaid in HK dollars.

Turning to more exotic currencies, the Hong Kong dollar seems to be with us for some time; the United Mexican States' eighth issue of Jardine Matheson (Bermuda) was priced at par. The Province of Manitoba let it be known that it would be raising \$1K150m.

This is the first issue for a foreign borrower to be floated in the British colony. The bonds will be initially subscribed in Canadian dollars (initial subscription for the two previous issues was in U.S. dollars), interest and repayment to be in HK dollars in HK dollars, principal to be in HK dollars, but to be repaid in HK dollars.

Indices

NEW YORK - DOW JONES table with columns: 1977, 1976, High, Low, etc.

Y.S.E. ALL COMMON table with columns: May 20, May 19, May 18, etc.

GERMANY table with columns: May 20, May 19, May 18, etc.

JOHANNESBURG table with columns: May 20, May 19, May 18, etc.

PARIS table with columns: May 20, May 19, May 18, etc.

OVERSEAS SHARE INFORMATION

NEW YORK table with columns: High, Low, Stock, May 20, etc.

CANADA table with columns: High, Low, Stock, May 20, etc.

COPENHAGEN table with columns: High, Low, Stock, May 20, etc.

BRUSSELS/LUXEMBOURG table with columns: High, Low, Stock, May 20, etc.

STOCKHOLM table with columns: High, Low, Stock, May 20, etc.

NOTES: Overseas prices exclude 5 per cent. premium. Belgian dividends are after withholding tax. \* DM300 million unless otherwise stated. \* Pr.300 million unless otherwise stated. \* 100 per cent. unless otherwise stated. \* Dividend or interest payable after accrual and retention. \* Dividend or interest payable after accrual and retention. \* Dividend or interest payable after accrual and retention. \* Dividend or interest payable after accrual and retention.



Up to 1.50

# Which international construction company has a balanced approach to a changing world?

*Points from the statement of the Chairman, Robin Martin.*

Our United Kingdom mainstream business performed very well in difficult markets and the International Division expanded rapidly in the developing countries, producing profits which were well up to forecast.

Through the diversity and balance of our activities and the strength of our management we are particularly well placed to meet changing market situations. The pattern of 1977 is likely to be set by a further diminution of the United Kingdom market for construction materials and services. We will continue to diversify overseas, increasing the weight of our investment of people and finance in the developing countries.

The year in brief	1976 £000	1975 £000
Turnover	510,996	410,788
Profit before interest	27,717	23,536
Profit before exceptional item	25,272	20,270
Profit before Tax	22,502	20,270
Assets employed	143,458	134,345

Chairman's statement and 1976 Report and Accounts available on request from: The Registrar, Tarmac Ltd, Ettingshall, Wolverhampton WV4 6JP.

Tarmac Group Analysis of Results by Division	1976 RESULTS			COMPARATIVE	
	Turnover	Profit before interest	1976 Profit Proportions of Group	1976 Profit Growth over 1975	1975 Profit Proportions of Group
	£ million	£ million	%	%	%
Quarry Products	164	11.0	40	- 12	53
Building Products	97	5.5	20	+ 25	19
Construction	137	5.1	18	+ 50	14
International	36	2.3	8	+188	3
Cubitis (four months only)	31	1.2	4	—	—
Housing	41	4.3	16	+ 25	15
*Properties	1	-0.9	- 3	—	- 2
Other Activities	5	0.9	3	+ 46	3
Central costs	—	-1.7	- 6	—	- 5
Group profit and loss account	511	27.7	100%	+ 18	100%

\*before charging exceptional item of £2.8 million loss on a development in Belgium.



**Big in construction. Rich in resources.**

Tarmac Roadstone • Kings & Co • Tarmac Readycrete • Briggs Amasco • Permanite • Coolag • Econamac • Tarmac Construction • William Briggs Construction  
Mitchell Construction • Kinnear Moodie • Tarmac International • Holland, Hannen & Cubitts • McLean Homes • Tarmac Homes • Wm Lee Malleable • Plascom.  
Also companies in Abu Dhabi • Bahrain • Dubai • France • Germany • Liberia • Malaysia • Netherlands • New Zealand • Nigeria • Oman • Sharjah • South Africa • Switzerland.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts including Abbey Unit Tr. Mgrs. Ltd., Allied Hambro Group, Arbutnot Securities Ltd., Barclay's Unit Tr. Mgrs. Ltd., and many others. Columns include fund names, managers, and performance metrics.

Table of Offshore and Overseas Funds including Abbey Life Assurance Co. Ltd., Equi & Law Life Ass. Soc. Ltd., and various international investment funds. Columns include fund names, managers, and performance metrics.

Financial Times Stock Indices: L.G. Index 01-331,366; July Cocoa 2717,2725

Financial Times Stock Indices table showing various market indices and their values. Includes sections for Highs and Lows, S.E. Activity, and FT-Actuaries Indices.

Hong Kong and Singapore market data tables. Columns include market names, dates, and values. Includes sections for Hong Kong and Singapore.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds including Abbey Life Assurance Co. Ltd., Equi & Law Life Ass. Soc. Ltd., and various insurance and investment products. Columns include product names, managers, and performance metrics.

CLIVE INVESTMENTS LIMITED advertisement. Text includes: 1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101. Index Fixed as at 17th May 1977 (Base 100 at 14.177). Clive Fixed Interest: 118.91. Clive Fixed Interest Income: 118.25. CORAL INDEX: Close 439-464.

AND DEAL... TR an... the b

Handwritten scribble: 10/10/1320

ADS AND DEALS

BTR and Silentbloc fight to the bitter end

Samuel, the merchant... advised to BTR in its... contested bid to take... Silentbloc, has been...

by Dart in cash from bank facilities... and in addition a loan by... Mettoy to Trondec of \$30,000...

Foundation on May 18 the foundation... is no longer interested in... 5 per cent. or more of the shares...

BRITISH UNITED TRAWLERS

British United Trawlers has... acquired a 50 per cent. interest... in Southern Ocean Fish...

RUBEROID

Ruberoid's offer for the 22,787... 61 per cent. non-cumulative... Preference shares of Vulcanite...

NO PROBES

Mr. Roy Hattersley, Secretary of... State for Prices and Consumer... Protection, has decided not to...

SHARE DISCLOSURES

British Land: Dr. Daniel M. Mc... Donald has notified that he... through his wife and a company...

further 80,000 shares, making... total holding 270,000 (10.38... per cent.)...

Burtonwood Brewery (For... shares): M and G Trust Assur... (Channel Islands) A/C "P"...

Y. J. Lovell (Holdings): Mr... Ronald F. Hobson's beneficial... interest is 1,215,613 shares (7.67... per cent.)...

United Kingdom Property... Lazard Brothers is a beneficial... owner of 2,400,000 shares (5.72... per cent.)...

Macdonald Martin Distillers:... Mr. D. W. A. Macdonald, a director... has bought 18,500 shares...

John Laing and Son: Sir Kirby... Laing, a director, has sold 11,500... "A" Ordinary shares at 100p...

Sandhurst Marketing: D. T. Hulme, a director, non-beneficial... holding as trustee of B. D. Hulme...

Wholesale Fridges: Throgmorton... Trust bought 1,000 shares on May 16 making total... holding 185,000 shares (5.3 per cent.)...

Jobe Investment Trust: Sale of... 80,000 Capital shares in joint... names of Mr. E. M. Behrens and...

Aquis Securities: Mr. E. C. Quintman, a director, sold 5,000... shares at 15p on April 26, 10,000... shares at 12p on May 5, and 5,000... shares at 18p on May 10...

Bridon: Mr. P. Fenwick Smith, a... director, on May 17 sold 3,200... shares at 65p and 5,000 shares at... 60p on May 17, 5,000 shares...

Botswana P.S.T.: Minerals... Section holds 1,029,507 shares... (3.73 per cent.)...

British Mohair Spinners: Mr... J. A. Clough, a director, sold on... May 19 10,000 shares at 39 1/2p...

Viner: I.T.C. Pension Trust... jointly with I.T.C. Pension Invest... ments holds 250,000 shares of... G. Simonds Pension Trust holds... 50,000 shares. Royal London... Mutual Insurance Society holds... 250,000 shares and Royal London... Mutual Insurance Society holds... 250,000 shares...

J. W. R. Lane and John G. Bevan... hold 1,539,738 shares (18.616 per... cent.) in a non-beneficial trust... owned by N.S.T. J. W. R. Lane and... Mrs. G. H. Bedford and Arthur... G. Tite—a director—hold 470,000... (4.758 per cent.) in non-beneficial... trust account N.S.T. J. W. R. Lane... and John G. Bevan jointly have a non-beneficial... interest in 17,000 cumulative... Preference shares (3.777 per cent.)...

George M. Callender: Mr. Basil... Engert, a director, on May 17 sold... 10,000 shares...

British Investment Trust: Mr... Gordon R. Simpson, a director, has... bought on May 20 1,250 shares at... 140p...

Tarmar: Mr. H. B. Morris, a... director of a subsidiary sold on... May 10 2,000 shares at 17 1/2p...

London and Scottish Marine Oil... Blue Star Line holds 335,500... shares (5.08 per cent.), Cavendish... Holdings holds 1,157,670 shares... (11.02 per cent.), General Accident... Fire and Life Assurance... Corporation holds 573,787 shares... (5.48 per cent.), James Finlay... holds 607,058 shares (5.78 per cent.)... National Carboising holds... 1,157,670 shares (11.02 per cent.)... Royal Exchange Trustees Nominees... E. a director, has bought 2,250... shares (6.66 per cent.)...

Bejam Group: Prudential Group... sold 253,000 shares between... April 26 and May 18 reducing its... holding to less than 5 per cent....

H. and J. Hill Group: Mr... Michael A. K. Coombs has bought... a further 3,000 shares increasing... his holding to 63,000 shares (6.34... per cent.)...

Tor Investment Trust: Royal... London Mutual Insurance Society... holds 5,000 41 per cent. cumula... tive Preference shares...

John James Group of companies... bought 4,000 shares on May 5... making total holding 61,730... shares...

Bond Worth Holdings: The... recently announced acquisition of... 1,000 shares by a director was by... Mr. P. S. Griffith and not Mr. P. S... Griffith, as originally announced...

Bank Bridge Group: Mr. J. S... Reading, a director, has sold... 127,232 shares...

West of England Trust: Electra... Investment Trust has bought... 200,000 shares and now holds... 1,230,000 shares (8.21 per cent.)...

Bond Worth Holdings: Mr... K. M. D. Mills, a director, acquired... 1,000 shares on May 13... Wilmot Bredren: Prudential... Assurance Group has increased... its holding by 25,000 shares to... 1,674,605 shares (about 8.06 per cent.)...

Booth (International) Holdings:... Mr. Edmund Booth, a director, sold... 2,026 shares on May 12 at 55p...

Nominees owns 779,148 shares... Charles R. P. Stonor owns 709,470... shares and Mrs. Joan M. Stonor... owns 724,592 shares. All exceed... 5 per cent.

First Castle Securities: Conmor... Finance Corporation holds 39,000... shares and Ralph C. Woodbridge—who held 403,101... shares (11.1 per cent.) sold 15,000... shares on April 15 and now holds... 383,101 shares (10.7 per cent.)...

Refuge Assurance Company: A... Britannic Assurance Company has... an interest in 1,560,609 shares... (7.47 per cent.)...

House of Fraser: Lawson High... Yield Fund is interested in 25,000... 41 per cent. cumulative Preference... shares (8 per cent.)...

Hall Engineering (Holdings):... Clydesdale Bank Nominees is the... registered holder of 98,000 61 per... cent. cumulative Preference shares... (7 per cent.)...

Reinforced Concrete Engineering... subsidiary of Hall Engineering... —has beneficially acquired 300... Hall Engineering shares...

Scottish United Investors: Sir... John Muir, director, has reduced... his non-beneficial interest by... 3,681 shares leaving 7,503 shares... He has also transferred 5,438... shares in respect of a beneficial... interest in a trust to a direct... holding in his name. Beneficial... interest remains at 10,336 shares...

Redman Heenan Intl: Prudential... Assurance Company holds... 829,650 shares (8.57 per cent.)... Exchange Telegraph Company... (Holdings): Prudential Group... sold 93,750 shares on May 13... reducing holding to less than 5... per cent.

H. and J. Hill Group: Mr... Michael A. K. Coombs has bought... a further 3,000 shares increasing... his holding to 63,000 shares (6.34... per cent.)...

Tor Investment Trust: Royal... London Mutual Insurance Society... holds 5,000 41 per cent. cumula... tive Preference shares...

John James Group of companies... bought 4,000 shares on May 5... making total holding 61,730... shares...

Bond Worth Holdings: The... recently announced acquisition of... 1,000 shares by a director was by... Mr. P. S. Griffith and not Mr. P. S... Griffith, as originally announced...

Bank Bridge Group: Mr. J. S... Reading, a director, has sold... 127,232 shares...

Booth (International) Holdings:... Mr. Edmund Booth, a director, sold... 2,026 shares on May 12 at 55p...

Booth (International) Holdings:... Mr. Edmund Booth, a director, sold... 2,026 shares on May 12 at 55p...

Kajima Overseas (Curaçao) N.V. 7 1/2% Guaranteed Notes Due 1982. Kajima Corporation (Kabushiki Kaisha). The Sumitomo Bank, Limited (Kabushiki Kaisha Sumitomo Ginko).

ENTERTAINMENT GUIDE

THEATRES: OPERA & BALLET, THEATRES, THEATRES, THEATRES, THEATRES, CINEMAS, ART GALLERIES, CLUBS, GOURMET. Includes listings for various venues like Palladium, Lyric Theatre, and various clubs.

**Henry Boot**  
Great people to build with  
Henry Boot Construction Limited,  
Dronfield, Sheffield S18 6XR  
Also at Birmingham,  
Bristol, Glasgow, Manchester, London

# FT SHARE INFORMATION SERVICE

## INDUSTRIALS

Dividend Paid	Stock	Price	Last	Div	Yield	Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120	Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120	Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120	Apr	Oct 1977	120	120	120	120

### ENGINEERING—Continued

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### DRAPERY AND STORES—Continued

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### BUILDING INDUSTRY—Continued

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### CANADIANS

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### BRITISH FUNDS

Interest	Stock	Price	Last	Int	Yield
20%	10/21/77	101.1	101.1	7.16	7.16
15%	10/21/77	101.1	101.1	7.16	7.16
10%	10/21/77	101.1	101.1	7.16	7.16

### INTERNATIONAL BANKS

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### AMERICANS

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### BANKS AND HIRE PURCHASE

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### CHEMICALS, PLASTICS

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### ELECTRICAL AND RADIO

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### ENGINEERING, MACHINE TOOLS

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### CINEMAS, THEATRES AND TV

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### DRAPERY AND STORES

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### BEERS, WINES AND SPIRITS

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### BUILDING INDUSTRY, TIMBER AND ROADS

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### FOOD, GROCERIES ETC.

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### FOREIGN BONDS & BILLS

Interest	Stock	Price	Last	Int	Yield
20%	10/21/77	101.1	101.1	7.16	7.16
15%	10/21/77	101.1	101.1	7.16	7.16
10%	10/21/77	101.1	101.1	7.16	7.16

### HOTELS AND CATERERS

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

### AMERICANS

Dividend Paid	Stock	Price	Last	Div	Yield
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120
Apr	Oct 1977	120	120	120	120

U.S. & DM prices exclude inv. s premium

Conversion factor 0.7142 (0.7080)

S.E. List Premium 294% based on \$US1.7173 per

S.E. List Premium 294% based on \$US1.7173 per

Conversion factor 0.7142 (0.7080)

by 0.0000

Copy 1250

INDUSTRIALS - Continued. Table listing various industrial stocks with columns for Stock, Price, Div, and Yld.

MOTORS, AIRCRAFT TRADES. Table listing motor and aircraft related stocks with columns for Stock, Price, Div, and Yld.

PROPERTY - Continued. Table listing property-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

TRUSTS - Continued. Table listing trust-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

TRUSTS - Continued. Table listing trust-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

Serving the world with financial expertise. SANWA BANK Tokyo, Japan

MINES - Continued. Table listing mining stocks with columns for Dividend, Stock, Price, Div, and Yld.

AUSTRALIAN. Table listing Australian stocks with columns for Dividend, Stock, Price, Div, and Yld.

TINS. Table listing tin-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

COPPER. Table listing copper-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

MISCELLANEOUS. Table listing miscellaneous stocks with columns for Dividend, Stock, Price, Div, and Yld.

NOTES. Text providing information about notes and financial instruments.

TEAS. Table listing tea-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

MINES. Table listing mining stocks with columns for Dividend, Stock, Price, Div, and Yld.

REGIONAL MARKETS. Table listing regional market data with columns for Stock, Price, Div, and Yld.

PROPERTY - Continued. Table listing property-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

TRUSTS - Continued. Table listing trust-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

TRUSTS - Continued. Table listing trust-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

TRUSTS - Continued. Table listing trust-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

OPTIONS - 3-month Call rates. Table listing options and call rates with columns for Stock, Price, Div, and Yld.

INSURANCE. Table listing insurance-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

PROPERTY. Table listing property-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

TRUSTS. Table listing trust-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

TRUSTS. Table listing trust-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

TRUSTS. Table listing trust-related stocks with columns for Dividend, Stock, Price, Div, and Yld.

DIAMOND AND PLATINUM. Table listing diamond and platinum related stocks with columns for Dividend, Stock, Price, Div, and Yld.

